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THE
LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

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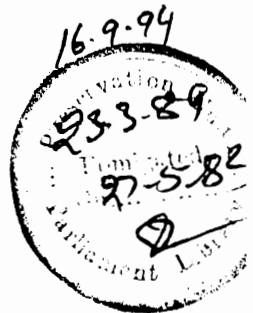
SIXTH SESSION

OF THE

THIRD LEGISLATIVE ASSEMBLY, 1930



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1930



Legislative Assembly.

President :

THE HONOURABLE MR. V. J. PATEL.

Deputy President :

MAULVI MUHAMMAD YAKUB, M.L.A.

Panel of Chairmen :

PANDIT MADAN MOHAN MALAVIYA, M.L.A.

MR. M. A. JINNAH, M.L.A.

SIR DARCY LINDSAY, KT., C.B.E., M.L.A.

SIR ZULFIQAR ALI KHAN, KT., C.S.I., M.L.A.

Secretary :

MR. S. C. GUPTA, BAR.-AT-LAW.

Assistant of the Secretary :

RAI SAHIB D. DUTT.

Marshal :

CAPTAIN SURAJ SINGH BAHADUR, I.O.M.

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LEGISLATIVE ASSEMBLY.

Thursday, 27th March, 1930.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

MEMBER SWORN:

Sir C. P. Ramaswami Ayyar, M.L.A. (Tanjore *cum* Trichinopoly: Non-Muhammadian Rural).

THE COTTON TEXTILE INDUSTRY (PROTECTION) BILL.

Mr. President: The House will now resume further consideration of the motion moved by the Honourable Sir George Rainy on the 18th March, 1930, that the Bill further to amend the Indian Tariff Act, 1894, and to amend the Indian Tariff (Cotton Yarn Amendment) Act, 1927, be taken into consideration.

Mr. Jehangir K. Munshi (Burma: Non-European): Sir, yesterday when the House adjourned, I was referring to the inconsistency in the position taken up by the Honourable the Finance Member in his Budget speech and the position adopted by the Honourable the Commerce Member in the speech which he delivered in this House on the 18th of March when moving the consideration of this Bill. I shall again draw the attention of the House to the statement made by the Honourable the Finance Member in paragraph 51 of his Budget speech:

"Finally we made it clear that, in a matter of this kind, after frankly stating our conclusions, we should desire to put our carefully considered views before the Legislative Assembly with whom the final decision must rest."

My Honourable friend Sir George Rainy took up an entirely different attitude. On the 18th of March he said:

"I should be misleading the House if I conveyed the impression that Government have an open mind, or that they are prepared to discuss these various amendments on the footing that all of them are equally open for consideration. I have no desire whatever to mislead the House on that point, and indeed it would be entirely wrong if I did so. Drastic changes in the scheme embodied in the Bill, it would, I fear, be impossible for the Government to accept."

While Sir George Schuster said that the final decision must rest with the Assembly, Sir George Rainy said quite the reverse. I do not know, Sir, which of these two contradictory positions is now the position of the Government of India; and I take it that, either the Honourable the Finance Member, or the Honourable the Commerce Member, will remove the confusion in this House and definitely state which position the Government of India abandon, and which position they adhere to now.

[Mr. Jehangir K. Munshi.]

Sir, the Honourable the Finance Member claims that fiscal autonomy is a reality. That proposition would hold good if the Government of India were prepared to accept the position that in all fiscal matters and on all tariff questions they would abide by the verdict of this House, and that when the verdict of the House is taken, the block of 26 nominated official votes would remain neutral. Even if their position were that, allowing the official block of 26 votes to affect the verdict one way or the other, they would abide by the verdict of this House, we might to a certain extent understand their claim that fiscal autonomy is a reality in this country. But what is the position which Sir George Rainy has taken up? That the Government of India and the Government of India alone are the sole judges of tariff measures to be introduced and tariff policy to be followed, and that they will not, under any circumstances, accept the verdict of this House or respect the sentiments of this House. The words used by Sir George Rainy are emphatic and unequivocal—"impossible to accept any changes" in the proposals put forward by the Government of India. Now, Sir, if the Government of India and the Government of India alone, are, even in antagonism to this House, to be the sole judges of what should be the fiscal policy or the tariff proposals for this country, then it is impossible for this House to lose sight of the fact that His Majesty's Government can influence the Government of India, and in certain circumstances is bound to influence the Government of India, when for instance the interests of Lancashire or any other predominant British interests clash with the interests of India. His Majesty's Government, although actuated by the best of motives towards India, may, by force of circumstances of domestic politics, find themselves in a position when they must bow to forces in their own country. It is impossible for Sir George Rainy to stand up here and tell us that the Government of India are at present free to impose their will on His Majesty's Government regardless of the difficulties of the domestic problems of unemployment facing His Majesty's Government or the embarrassment which would necessarily be caused to His Majesty's Government as a result of the Government of India adopting certain fiscal proposals. It is no use, Sir, trying either to deceive this country or to cloud the real issue before this House. India does not enjoy fiscal autonomy in any shape or form. (Hear, hear.)

Sir, the Government of India have, in my opinion, been actuated by a degree of undue chivalry in the course of this debate. Both Sir George Rainy and Sir George Schuster have got up more than once and have asserted, with an unusual degree of heat, that the proposals which they have put before this House have not been induced by any representations from Lancashire, and have not been imposed by His Majesty's Government. They have gone further; they have taken upon themselves whatever blame and odium may attach to their present scheme. It is not for me, Sir, to help the Government of India to relieve themselves of a particular odium if they insist on having it; but knowing Sir George Rainy as we do, and judging him from his past record, I find it difficult, Sir, to accept the whole of this self-condemnatory statement *in toto*, that the Government of India and the Government of India alone have decided to place this scheme before the House as their own considered judgment in the best interests of India.

Sir, before I proceed to criticise Sir George Rainy's attitude with regard to this particular measure, I wish to pay him the tribute that he deserves.

The attitude which Sir George Rainy took up with regard to taxation on kerosene has produced a deep impression on my mind. Here, Sir, we have a British Member of the Government of India—a Scotchman—who deliberately put forward proposals of taxation which are bound to affect the profits of the Burmah Oil Company. He did so to obtain revenue for the Government of India. He did so, knowing that about half a crore of rupees which he would get in this way from the Burmah Oil Company would in other directions relieve the taxpayer. Such conduct deserves great admiration and I say this in spite of the fact that, mainly on grounds of sentiment, I voted against his proposal to tax the Burmah Oil Company. But at the same time it makes it very difficult for me to believe that the very same man could, if he were an entirely free agent, come forward and force on this House a scheme of Imperial Preference in the form that he has put before this House, which, he has more or less admitted, has been conceived to help Lancashire at the cost of the consumer in this country.

Sir George Rainy has made it clear, in the course of his speech, that if this Bill is passed in the form in which the Government of India have placed it before the House, or subject to the amendment moved by Mr. Chetty, the House will be endorsing the principle of Imperial Preference. Sir George Rainy says:

"I should like to make it clear that we do not ask the House at this stage to pass a final decision on the question whether in the scheme of protection there should be preference for British goods."

In other words, at a subsequent stage of the Bill when the House adopts the final motion, it will, in Sir George Rainy's own words, "pass a final decision on the question whether in the scheme of protection there should be preference for British goods". We shall be called upon, when voting on this Bill, definitely to pronounce our decision whether this House does or does not accept preference for British goods—Sir George Rainy carefully avoids the words "Imperial Preference".

Sir, Imperial Preference may be defined in a number of ways. Imperial Preference may be argued to mean many things. But the atmosphere for Imperial Preference cannot be manufactured either by the Government of India or by any Tariff Board. (Hear, hear.) Have we in this country the atmosphere necessary to induce this House to agree readily to any scheme of Imperial Preference? The basic point of Imperial Preference in any part of the Empire is, to my mind, not wholly economic; it is primarily a matter of sentiment. There must be sentiment, there must be regard, there must be friendship, before any part of the Empire approaches the economic question of affording any degree of protection, or preference or relief to any other part of the Empire. The Government of India are sadly mistaken if they imagine that the present moment is an opportune moment for such a sentiment to express itself in this country . . .

Mr. President: The Honourable Member himself has an amendment involving Imperial Preference.

Mr. Jehangir K. Munshi: I am coming to that, Sir, and that is where the strongest protest of this House has to be recorded.

Now, Sir, the Government of India have got a very serious responsibility in this matter. They may, by force of circumstances, carry this particular scheme through this House now. But in the future, when this

[Mr. Jehangir K. Munshi.]

House enjoys a greater measure of fiscal power, when this House really enjoys fiscal autonomy, will the bitterness that is caused by Government's present attitude help England? Will it help Lancashire? Will it help any other part of the Empire? If the Government of India want to create a proper atmosphere and to induce a proper sentiment for Imperial Preference, the present policy of political repression should be abandoned; and I feel that my Honourable friend, Sir James Crerar, can do more in this direction than either Sir George Rainy or Sir George Schuster. In this connection a very serious responsibility also rests on the European Group in this House. I ask them, have they contributed their share towards creating the necessary atmosphere in this country? Have they done anything to foster a proper sentiment in this House for Imperial Preference? I shall give one recent instance to illustrate my point. The other day I was questioning the Home Member with regard to certain incidents which took place in Rangoon. The European Group were not directly concerned with it. If the European Group imagine that they are more efficient than Sir James Crerar they are mistaken. Sir James Crerar was fully able to deal with the questions raised in this House. But what did the European Group do? An old experienced member of this Group, Sir Hugh Cocke, ranged himself against me and rushed to the help of Government. Sir Hugh Cocke forgot at the moment that I was the solitary representative of Burma in this House, that I was labouring under a serious handicap by reason of difficulties in the matter of communication with Burma, and that, in spite of these difficulties and handicaps, I was trying to do my duty to my Province. He got up and tried to bring my action into discredit. Now, Sir, this may be a small thing, but it reflects the mentality of the European Benches. Have they extended to us friendship, have they extended to us sympathy, in matters political either in this House or outside, that they should expect this House to extend its economic sympathy either to the European community in this country or to Lancashire? In these things there must be first of all a reciprocity of sentiment. (Hear, hear.)

Mr. Arthur Moore (Bengal: European): Sir, the European Group has never asked for any economic concessions in this country on any sentimental grounds. We have only asked to be treated on a level with the other communities in India.

Mr. Jehangir K. Munshi: My Honourable friend, Mr. Arthur Moore, has a painfully short memory; and in this connection I wish to refer to the part I played the other day on grounds of sentiment; and I therefore felt more hurt that Sir Hugh Cocke should have, only two days after that, got up and adopted such an unnecessarily unsympathetic attitude towards me and my Province. The other day Sir George Rainy asked this House to subject the Burmah Oil Company to a taxation which would contribute about half a crore of rupees. Mainly on grounds of sentiment, I walked into the same lobby with my European friends,—on grounds of sentiment for the Burmah Oil Company, which I consider as a good employer of labour in Burma, on grounds of sentiment for my European friends in this House, on grounds of sentiment for the European community in this country. I do not want them to feel that Indians are bound to act against European interests in such matters. And what did my Honourable friend, Mr. Arthur Moore, plead at that moment? He said that, because

these particular European oil interests had enjoyed this immunity from taxation for 25 years, they should be allowed to continue to enjoy that immunity for another 25 years.

Mr. Arthur Moore: Sir, on a point of personal explanation, I said nothing of the kind.

Mr. Jehangir K. Munshi: I am not trying to reproduce Mr. Moore's exact words. I am trying to reproduce Mr. Moore's argument.

Mr. Arthur Moore: That was not my argument.

Mr. Jehangir K. Munshi: It was Mr. Moore's argument and Sir George Rainy replied to it.

Mr. Arthur Moore: May I say, Sir, that it was not my argument? My argument was that, for 25 years, the consumer in this country had a concession, and I thought that the risk should not be taken of withdrawing that concession from the consumer in this country. I said nothing about European interests and my speech had nothing to do with that.

Mr. Jehangir K. Munshi: Does Mr. Moore seriously suggest that the consumer's interest for 25 years was not the Burmah Oil Company's interest for 25 years? (Hear, hear.)

Mr. Arthur Moore: I was not discussing the interest of the Burmah Oil Company or of any particular oil company.

Mr. Jehangir K. Munshi: But the Honourable Member was holding a brief for them.

Mr. Arthur Moore: I was holding no brief. I was speaking in the interest of the consumer.

Mr. Jehangir K. Munshi: My Honourable friend Mr. Moore is now seriously suggesting that the Opposition Benches are filled with a pack of lunatics, who neglect the interests of the Indian consumer and that it falls to the lot of Mr. Arthur Moore to stand up in this House and protest in the name of the Indian consumer that all these traitors are opposed to the interests of the Indian consumer.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Does not my Honourable friend know that Mr. Arthur Moore is connected with a paper which at one time used to call itself the "Friend of India"? (Laughter.)

Mr. Jehangir K. Munshi: Sir, I regret the unnecessary heat introduced into this debate by my Honourable friend Mr. Moore at the very moment when I am appealing to him and his colleagues to create a friendly atmosphere in this House. I am actually pleading that it is up to the European Benches to create a friendly atmosphere in this House and to foster the proper friendly sentiment for Imperial preference, and when I am making these efforts, Mr. Moore says he will not have it.

Mr. Arthur Moore: Sir, may I inform my Honourable friend that I said nothing of the kind whatever? But I do think that it is a little out of proportion to suggest that, because Sir Hugh Cocke took a small part in the discussion of a motion for adjournment the other day (*Mr. Jehangir K. Munshi:* "And an uncalled for part") the European Group is acting

[Mr. Arthur Moore.]

in some manner unfriendly to the interests of India. I think it would be much more to the point if my Honourable friend were to point out in what way the European Group, either by its votes or its speeches in the past, has shown itself other than identified with the best interests of the country? (*Honourable Members*: "Question.")

Mr. Jehangir K. Munshi: This question I can answer very briefly and effectively. I will refer my Honourable friend Mr. Moore to the division lists to find out how often his party voted with the Opposition against the Government. The task will not be a difficult one; and he will hardly find half a dozen such lists during the last ten years. That, Sir, is Mr. Arthur Moore's performance "in the best interests of this country."

Now, Sir, I regret that, when I am trying to appeal to the European Benches to create an atmosphere of friendliness, Mr. Arthur Moore should allow himself to introduce unnecessary heat into the debate.

Mr. Arthur Moore: Not at all.

Mr. Jehangir K. Munshi: I was trying to illustrate, Sir, by an example, that I am actuated by pro-British sentiments, and that I want to help the European non-official commercial community in this country. I want to show proper sentiment towards them, but I can only continue to do so, if there is some sort of reciprocity on their part. Things of this kind cannot be continuously one-sided.

Mr. Arthur Moore: Does it not occur to the Honourable Member that he and I went into the same lobby because we were both interested in the welfare of the industry of his province?

Mr. Jehangir K. Munshi: If my Honourable friend Mr. Arthur Moore imagines that the interests of the province of Burma have been affected by the proposals of Sir George Rainy, he is sadly mistaken, and it appears that he has not applied his mind to the problem at all. Now, I shall leave Mr. Arthur Moore alone.

Sir, the unconvincing argument has been put forward by the Honourable the Commerce Member and the Honourable the Finance Member that, in the best interests of India, preference should be given to British goods in the form laid down by the Government of India with a view to create a friendly atmosphere in England for the Round Table Conference. I wish I could quote the exact words of Sir George Schuster; but I cannot find the passage I have in mind. However, the gist of his argument is this, that the Government of India have been actuated to frame these proposals in their present form by the desire to placate public opinion in England and to promote India's political interests. Now, Sir, Sir George Rainy has spent about 30 years in this country, and although Sir George Schuster has been here for a short time, still he is not entirely unacquainted with the Indian political situation. Did either of these two Honourable Members imagine for a moment that a measure of this type, introduced at the present moment, would not meet with vehement and bitter opposition? Have they in any way helped India's position by introducing this measure at this stage? The bitter opposition which has been roused and which they must have anticipated, has, I think, estranged the relations between England and India. The argument that the object was to win England's friendship cannot be advanced by Sir

George Rainy, who must have realised that this measure was bound to raise bitter controversy on the floor of this House. But even if this House were to agree readily and voluntarily to these proposals, will a better atmosphere be immediately created in England? Better atmosphere amongst whom? Is it going to change Lord Birkenhead? Is it going to convert Mr. Winston Churchill? What possible change in the political situation in England do the Government of India seriously expect as a result of this House passing the proposals in their present form? I do submit, Sir, that the Government of India have not been frank in dealing with this House in respect of this measure. One cannot help feeling that the present measure has been forced on them by representations from England. Whether the representations were official representations from His Majesty's Government which have been revealed, or whether they were confidential representations from the Secretary of State for India which have not been disclosed or whether they were representations from or on behalf of the Lancashire interests, it is for the Government of India to answer. But it is impossible for this House to agree that the Government of India themselves have deliberately gone out of their way, without any initiative from England, to place these proposals before this House in their present form.

I come now, Sir, to my amendment which you have referred to. I have given notice of that amendment, the same as Mr. Chetty's amendment, because the Government of India have left me no free choice. The Government of India have given me a damnable choice. The Government of India tell us: "Accept the measure in this particular form and we shall proceed with the Bill; if you make any alterations we shall drop the Bill". The Government of India force me either to kill the Indian mill industry and ultimately to harm the consumer, or to accept their proposals in favour of Imperial Preference in this particular form without my consent and against my will. This, Sir, is a very difficult position.

Mr. President: The Honourable Member is not going to give a free vote in this House?

Mr. Jehangir K. Munshi: The Government of India have not allowed me a free vote. That is my complaint, Sir. They have placed me in this damnable position: They say: "Either vote for killing the mill industry of India and for harming the consumer in the long run or vote for the proposals which we have put forward regardless of your preference or your wishes." If I vote for killing the mill industry of India, I feel that I would be doing a wrong not only to a great national industry but to the consumer in the long run. I cannot do that. If, on the other hand, I vote for the Government proposals, I am forced to do violence to my conscience, because I am forced to vote for Imperial Preference without being allowed any "preference" at all. I have no objection to the principle of Imperial Preference if the Government of India set about it in the right way, at the right moment and after free consultation with the Opposition. No Government have the right to come forward in this House and say "Here are our proposals for Imperial preference; we have not consulted you, we do not care whether you like them or not; we are going to force them down your throats". If that is the way in which they are going to introduce Imperial Preference, I am entirely against it. Imperial Preference by itself is not pernicious, as some of my Honourable friends in this House imagine; it is a matter of friendly sentiment and economic adjustment. Why should we not sit round a table and discuss, in a friendly spirit, to what extent we can

[Mr. Jehangir K. Munshi.]

help Lancashire in its present difficulties? But the Government of India have not give me a choice. They simply say, "You either kill the industry or accept this principle in the way in which we dictate it to you". Now, Sir, under the circumstances, I have decided that I cannot afford to kill the mill industry. If I do that, I will not only destroy a national industry, but I shall also allow Japan to capture the Indian market and to put up prices and thereby to harm the consumer. I have no objection to Japan getting an advantage; after all Japan is a friendly nation and I have great admiration for the Japanese. But what happens, Sir, to the consumer if the prices are put up eighteen months hence or two years hence? So, Sir, here I am faced with a grim reality: As against that I have my outraged political sentiment and I have decided that I cannot possibly ignore the economic life of the country. I am in agreement with my Honourable friend, Mr. Jinnah, that we cannot possibly ignore the interests of the consumer, simply because the Government of India are forcing on us this principle of Imperial Preference.

Now, Sir, before I leave this point, I wish to deprecate the statement made by an Honourable Member of this House, that he regarded Englishmen in this country as much foreigners as the Japanese. I think, Sir, he was led to make this remark in the heat introduced by unnecessary interruptions. My own views and sentiments do not permit me to regard the Englishman in this country as a foreigner in the same manner as I regard the Japanese. But apart from that, it would be inconsistent with our political creed to regard the Englishman as a foreigner in this country. I mean the Britisher. It will be foreign to our political creed to regard the Britisher as a foreigner in this country. Either we accept the creed of Mahatma Gandhi and say that we want independence, and that we want to break away from the British Empire; or if we stand for Dominion Status, it only means one thing, that we choose to remain within the Empire, and if we choose to remain within the Empire, how can we treat Englishmen or any of the Empire races as foreigners?

Diwan Chaman Lal (West Punjab: Non-Muhammadian): Do they not treat Indians as foreigners?

Mr. Jehangir K. Munshi: My friend Diwan Chaman Lal is asking me whether they are not treating us as foreigners. So far as England is concerned, I do not think we can go to the extent of saying that England treats us as foreigners, as aliens, in the United Kingdom. With regard to the Colonies, the position is different: But I cannot possibly go into that controversy in this debate. But even if we assume that England treats us unfairly, if we decide to remain within the Empire, we can strive for better treatment, but we cannot say that the Englishman is a foreigner in this country.

Now, Sir, I turn to the Honourable Members of the Nationalist Party, and I do hope that the criticism which I propose to make now will be taken in the same spirit in which it is made. My Honourable friend, Mr. Birla, advised the millowners to insist on unalloyed protection and to reject this alloyed protection. My Honourable friend, Mr. Neogy, told the millowners that even if they are dying of thirst, it would not help them to drink out of a glass of water which contains harmful germs. Sir, I wish to place before the House the parallel between the economic position taken up by the millowners and the political position not only of my

Nationalist friends, but of the entire Opposition in this House. Now, what is the position of the millowners in this country at the present moment? They say that they are faced with extinction; that they must accept whatever the Government give them, in however unpalatable a form Government may offer it. They say that their very existence is at stake, and that they cannot afford to indulge in sentiments, political or otherwise. Their position is that, although they are not satisfied with what they are getting, or the form in which they are getting it, they cannot afford to reject what is offered, even in the form in which it is offered, and if they do not get protection in an unalloyed form, they must now take what they get and continue to fight for the rest. Now, let us take the political position of the Nationalist Party; that is my position also. (Hear, hear.) My Honourable friends of the Nationalist Party, of the ex-Congress Party were told at the end of last year, and at the beginning of this year, that their demand for full and immediate Dominion Status could not be granted. His Excellency Lord Irwin said this before the Congress met. His Excellency the Viceroy repeated it when he addressed this House after the Congress met. Pandit Motilal Nehru followed the policy which Mr. Birla and Mr. Neogy are offering to the millowners. He said, "No, we shall not have alloyed Dominion Status; we shall have unalloyed complete Dominion Status immediately, or we shall not have anything to do with it". But my friends of the Nationalist Party have not taken up that attitude. They, in my opinion, have taken up the right attitude. They say, "This Dominion Status, which you are now offering to us in some form or other, is not unalloyed; we would not like to accept it in this form, but we are helpless; we have got to take what you give and fight for more." I submit, Sir, if that is the position of the Nationalist Party in the political arena, the millowners of India adopt the same position in the economic field. (Hear, hear.) And here I wish to make one thing clear. If political ground is lost by unwise judgment or an unwise action, it can be recovered in course of time; but if a serious economic blunder is made and an industry is allowed to be killed, it would take years and years before it can be revived. I therefore, Sir, do appeal to my Honourable friends of the Nationalist Party to consider very carefully whether, in this damnable position which the Government of India have placed this House, they would be justified in doing anything whereby the Indian mill industry would be killed. I think, Sir, I have made my position clear. I have given notice of my amendment—the only amendment acceptable to the Government of India—purely with a view to save a national industry and to save the consumer in the long run, after recording my strongest protest against the policy and action of the Government of India.

Now, Sir, I do not wish to deal with the merits of the case at any length, because I think practically the whole House has recognised the fact that the Indian mill industry requires protection and immediate protection. As a matter of fact, several Honourable Members have gone to the length of saying that the protection offered is not adequate and that it should have been greater. As regards my Honourable friend Diwan Chaman Lall, I think my Honourable friends from Bombay have taken him too seriously. My Honourable friend Diwan Chaman Lall is a labour leader: and in the present condition of Indian labour the millowners of India cannot expect any spontaneous support from a labour leader.

Mr. President: The Honourable Member is not bound to continue?

Mr. Jehangir K. Munshi: Sir, the considerations which have influenced my decision apply to my province as well. If I allow the Indian mill industry to be killed, the present imports of cheap Indian mill cloth coming to Burma would disappear, and Japan would establish a monopoly in Burma, and piece-goods would no longer be available to the consumer in Burma at low rates. If the Indian mill industry is killed, Japan would be left without any competitions and the price of piece-goods would be raised and the consumer in Burma will be very seriously harmed.

In conclusion, Sir, I wish to make one final appeal to the Government of India. In our present helpless condition, they may force a victory for themselves; but by doing so, they are not going to make their future task easier; they are not going to help the non-official European in this country; they are certainly not going to help Lancashire in the future. The bitterness which will prevail in the minds of the Opposition in this House, the bitterness which will remain in the minds of the people outside, that bitterness it will take a long time to remove from the minds of the people; and I do appeal to my Honourable friend, Sir George Rainy, even now, to make one more effort to approach the Opposition and to arrive at some form of preference to which this House can give its unfettered and willing assent. As I say, Sir, Imperial Preference as such is not pernicious by itself, if we are allowed to act as free agents. The whole objection is that Sir George Rainy comes before this House and says, "We have made up our minds to force this preference down your throats; we are not going to listen to you". Even now it is not too late. Let him not think that, if the Bill is modified, the interests of Lancashire will be jeopardised. Let him take a long and wise view of the matter. Lancashire will gain more in the long run if she takes less now from a willing India rather than forces more from an unwilling and outraged India. (Applause.)

Pandit Krishna Kant Malaviya (Cities of the United Provinces: Non-Muhammadan Rural): Sir, I have remained in this House for a long time without addressing it once, and I had no mind to inflict a speech on the House even today. To speak the truth, Sir, I set little value to speeches. I on the other hand feel that speeches in this House contribute to mere waste of public money and time, especially when we know that they have practically no effect on the Government Benches in matters of real vital importance.

There is also another difficulty in my way, and that is, I feel the Members, especially the officials, do not come to the House with an open mind. Members belong to certain groups which look at a question from the point of view of their interests and policy, which they have decided long before. Speeches, naturally, delivered in this House, then cannot and do not have any real effect on the others. But knowing all this, I have decided to break my record of silence in this House, because I feel that I must say something at this very critical juncture in the life of the Assembly when it is not impossible that we might be at the parting of the ways.

We are, Sir, face to face with a very serious situation. On the one hand the Bombay mill industry is on its last legs; it is tottering, on account

of the faults of its own masters or otherwise; but this is not of much concern; what really matters is that it is in need of protection from the people of the country and also from the Government, and the Government are saying to us, Sir, that they are willing to lend the Indian industry a helping hand provided we lend our helping hand to the cotton industries of Lancashire. On the other hand, Sir, the country is in the throes of a revolution. Mahatmaji is leading his battalion and is determined to give a battle, the objective of which is complete independence. Our own policy, as you know, Sir, since 1905-06, has been one of boycott of all foreign cloth. I mean no threat. As a matter of fact, Sir, I do not believe in threats or blusters and bluffs, but I do earnestly want the Honourable Members on the Treasury Benches to think coolly and take count of the realities.

It is true that there is no tom-tomming, no unbridled, uncontrolled enthusiasm, which we saw in the days of non-co-operation, but this does not mean that the fight will not be a very very grim one. The cool and calculated manner in which things are going on only proves that there is a deep determination behind, and that we will have to face something really grave. The whole country is pulsating with a new life, and the awakening in the villages through which Mahatmaji has passed, without any organization, Sir, is phenomenal. The whole country from the Himalayas to Cape Comorin and from Karachi to Bengal is only awaiting the signal of Mahatmaji. As soon as it is received, some of us also, if not most of us, will be in the field. He did not seek this battle. It has been forced upon him. He is not an ordinary man; he is a saint, with a message of peace and goodwill, and is always willing to accept compromises when they do not kill the truth itself, and he even lowered his flag in terms of his eleven points. He begged His Excellency the Viceroy on bended knees to pay heed to his demands, but what did he get? In his own words, Sir, he wanted bread and got stones instead. He has, therefore, decided finally to do away with the system which is grinding us, which stunts our growth, but which we are only trying to trim here and there and even that without success.

Mahatmaji has felt and truly, Sir, that:

"Jalāne ke siwa kis kam awega batao to

Na saya de, na phal lawe, na phule jo shajar ho ker."

"Of what earthly use, but for using as fuel, is the tree which neither blossoms, nor fruits, nor gives shade to the weary and the toiling?"

The whole edifice, Sir, on which we all are standing is on the brink of a volcano which is about to burst and give a rude shaking to all of us. I am, therefore, anxious, Sir, that we should very coolly consider what we are going to do.

I am neither an industrialist, nor a financier, nor even a labour leader. My views, therefore, can only be of a layman or a consumer. What is the question before us? To put it into a nutshell, it will not be improper to narrate its little history in a few words. The Indian mill industry has been in trouble for the past many years. The mill owners had been running to the Government to come to their rescue. The Government, as was natural, did not come forward. Matters were going from bad to worse, but the Government was adamant. The Government,

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all of a sudden, has this year been faced with a deficit Budget. Fortunately for the mill industry of Bombay, the mill industry of Lancashire also is badly in need of relief. The Government therefore decided to come out with this Bill, ostensibly to help the millowners of Bombay, but really to support the Lancashire industries. They have raised the duty for the Indian cotton goods from 11 per cent. to 15 per cent., which means a bounty of 4 per cent. to the Indian mills, whereas they are providing a protection of 5 per cent. duty to the British goods. This not only means, Sir, giving with the right hand and snatching away with the left, but this also means that, so far as higher counts are concerned Great Britain will have the practical monopoly in India for her goods. She will not have to face competition from either Japan, Germany, America or Italy. This means, Sir, that she will have the fullest liberty to fix her own prices on her goods and the burden will thus fall heavily on the consumers. But these are not the only evil results of this Bill. The result which will be far more ruinous will be that the Indian mill industry will be handicapped, and it will find, in the course of a few years, that it will never be able to go in for higher counts, these mills will never be able to produce finer counts at competitive prices; their growth will be stunted and India will thus be for ever dependent on Lancashire and also pay heavily for the supply of her fineries.

My Honourable friend, Mr. Birla, said the other day that the protection provided for our industries is inadequate and may prove harmful. Another esteemed friend of mine, Mr. Neogy, proved, if any proof were necessary, that, by the receipt of this five per cent., the British manufacturers will not only profit, but make good their past losses. This is not all. We must also, at the same time, keep in mind that, in the case of the Indian mill industry, protection of four per cent. will only give them a breathing time to put their house in order, whereas in the case of Lancashire, the Imperial Preference will mean a big windfall.

There are some Honourable Members, Sir, in the House who are afraid of calling a spade a spade, and they prefer to call Imperial Preference by the name of British preference or preference for British goods. I have no quarrel with either of these sets of Honourable gentlemen. To me, a layman, Sir, a rose will smell as sweet by whatever name we may choose to call it, although, in the present case, it is not a rose but a prickly briar which emits a bad odour all around.

The simple truth that we must realise, Sir, is that, if we refuse the demand of the Government so far as the British goods are concerned, the Bill goes to the wall and all the tall talk of helping the Bombay millowners will be forgotten. This is a simple fact, and nobody need be afraid of this. There is nothing surprising in it too. We know that no nation, howsoever great it may be, can afford to act generously towards another, unless it at the same time serves its own selfish ends. In the words of Bismarck, in dealing with foreign nations, no one acts unselfishly unless it is his interest to do so. I, for one, therefore, do not see why the Honourable Members on the Treasury Benches and their supporters should be afraid of speaking the truth. I cannot and will not blame them for being patriotic. They, as the constitution stands, are responsible to the British public; they are not responsible to us, they should naturally

therefore look to the interests of the people to whom they are responsible and to whom they belong.

It is no doubt proper that one who pays the piper must call the tune, but how many improper things are not done today in the name of propriety? Besides, situated as we are, Sir, we do not pay them. The money is no doubt ours, but they hold the strings of the purse and are the virtual masters. I therefore have no complaint against them. They are amiable, honourable gentlemen, as good as we are and in certain respects, even superior to many of us. They are doing their duty by their country and I have no complaint against them. This country has not lost or has lost very little on account of them. This motherland of ours has lost on account of her own sons, who, from the time of the advent of the British, have sold the interests of the country, sacrificed her mercilessly, for a mess of pottage or their own sordid gains. It is they who are the sinners. It is they who trample the country and it is they who are today the chains which bind us to our slavery. I wish they were as patriotic as their masters. I pity them, but I bear them no ill-will, no hatred. I only say, Lord forgive them, for they understand and still do not realise what they are doing. As for the Honourable Members on the Government side, they have been charged with the duty of carrying on the machinery of administration. It does not concern them what it grinds, whom it grinds, when it is set in motion. They carry it on simply for the Reasons of State. Their only concern is that the engine and the machinery do not fail, are well oiled, safe and in tip top condition, that it should yield to them the utmost and should not suffer in any way.

They at times try to see that the machine does not unnecessarily hurt others, when they can avoid it, when it suits their purpose and when they can achieve it without hurting themselves or their machinery. I therefore bear them no ill-will or grudge. I know human nature, and can understand them, but I do beg of them, Sir, in all humility, not to try to convince us that two and two do not make four, that darkness is sunshine and that they can see our interests better than we can ourselves do.

This is belittling our intelligence and is most galling and painful. I also beseech them, Sir, in the name of all that is good in this world, not to add to the discontent of the people who are already discontented enough.

My third request to my Honourable friends on the Treasury Benches, through you, Sir, is that, instead of trying to convince us, they should try to convince their own conscience that they ought only to come forward with their demands when they have satisfied their conscience, that they are not, by their narrow vision, circumscribed by selfish ends, hurting others whom they have no right to injure and whom they are morally bound to serve. All of us, Sir, are creatures of circumstances. We are sitting on this side of the House today, and
 12 Noon. who knows tomorrow or in the fulness of time we shall not be in their places and they in ours. India had a past; she has a future too and it will not be paying to train her in ways which might recoil on the teachers tomorrow.

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Do unto others as you would wish to be done by, is a maxim which will always pay everyone who acts up to it, in gold. I would also say to the Honourable Members, "Whatever you do, do it with all your heart and as from the Lord." And if I have not already asked too much of my Honourable friends, I will ask them to remember that nations generally pay heavier prices for their sins of commission than for their sins of omission. But this is a digression and I must come to the point.

Leaving aside, Sir, all these material considerations, the Bill does something more. India, today, is growing; it is throbbing with ambitions. She is anxious to build a future for her as bright as her past. She naturally, at this stage, wishes to move very carefully. She does not wish and is not in a position to forego the sympathies of any nation. She therefore does not want to antagonise either Japan or Germany, either America or Italy. Great Britain might well say, "I am here to protect and guide you. I will see that no other nation shall injure you." Great Britain may say all this and perhaps more. She has her own axes to grind at our expense, but I want to tell my Honourable friends, and through them Great Britain, Sir, that we are at the parting of the ways. We want to guide our destinies ourselves; we want to regulate our national life according to our own requirements and needs, and we do not want to discriminate between foreign nations, for we know not whose aid we might need. We do not want to be with those who do not treat us on terms of equality. We do not want to be in an Empire in which we cannot remain on an equal footing with others. We do not wish to be in the British Commonwealth of Nations if we can be there only as men of an inferior status and not as equal and free partners. Who can tell that it may not yet be India's glory to embark on a mission of peace and higher humanity to teach Europe and America that materialism is not the food on which humanity can permanently thrive. We hope we shall be able to give birth to and organise an Asiatic Federation in which Japan, China, Afghanistan, Persia, Egypt and Turkey may be our partners. We may be idealists, hopeless dreamers, but we are realistic enough to realise that it is not proper to antagonise any nation at this stage of our history. We therefore ask the Honourable Members to stay their hands. No offence is meant; this is a plain statement of facts and there need be no heart burning on this account. To my Honourable friends on this side of the House, who are real patriots, who really want to serve their motherland, who are anxious to see their motherland free and are willing to sacrifice all that is best in them in the service of their country, whose aims in life and responsibility do not begin and end with getting a few petty posts for their kith and kin. I would only repeat a few lines of a great saint, who lived and died in this very city of Delhi, and who defied and staggered even such a mighty potentate as Aurangzeb. He was no other than Sarmad and he said:

Sarmad gilah bah ikhtisar mi báyad kard,

Yak kár azin do kár mi báyad kard.

Yá tan barasáe dost mi báyad dáad,

Yá qataa nazar ze yár mi báyad kard.

"Give up complaining, begging and wailing for trifles. Out of the two ways you choose the one you like. Either surrender yourself quietly to the mercy of your friend" (as the Central Muslim Party seems to be striving for) "or cut off all connections with your friend, non-co-operate, and chalk out your own independent existence."

I am sorry, Sir, that by mistake I have referred to the Central Muslim Party.

Dr. A. Suhrawardy (Burdwan and Presidency Divisions: Muhammadan Rural): Please do not be sorry. We are the target of everybody's attack, because we are in the centre.

Pandit Krishna Kant Malaviya: If this fact gives consolation to my friend, and the cap fits him, I do not withdraw my words.

Dr. A. Suhrawardy: Please do not.

Pandit Krishna Kant Malaviya: What this path is, Sir, should be clear to every one of us. The Government are forcing this measure upon us, in spite of us. Let us accept this challenge of the Government as men and resolve that whatsoever may happen we will defeat the Government; we will nullify this act of the Government; that we will go out from this place straight to our people, tell them our plight and organise a boycott of foreign goods, especially British, and exhort the people to see that nothing of British origin or manufacture comes into our homes. I think, Sir, this is the only course we can adopt to defeat this measure, and I hope my countrymen will rise to the occasion and act upon my simple but effective suggestion.

I have finished, Sir, but before I resume my seat, I want to make it plain to my Honourable friends on the Treasury Benches, and through them to their masters, the British public, that ours is a fight of righteousness, our weapon is suffering and non-violence. We are not afraid of their cannons, guns and regulation lathies. We know that the Government will fight for their own existence. They will use all available means to crush us, but we will not retaliate. We will not raise our hands against them, but still we have no doubt that we will achieve the victory, for our faith in our cause is supreme. Truth and justice are on our side, Sir, and we know this much, that no Government, howsoever powerful, can rule a people long without their consent. You can carry on your administration by the help of the sword, but let me tell you the real truth that, so long as the people remain discontented, do not co-operate with you and are averse to the powers that be, the people and not the Government will win.

I, therefore, ask our Masters, through you, Sir, to pause, consider and then decide to act rightly, not as tyrants but as servants of the people of India, for the sovereignty of India lies with them and not with the people of England.

Nawab Sir Sahibzada Abdul Qaiyum (North West Frontier Province: Nominated Non-Official): Sir, the House has listened to many elaborate and long speeches from very experienced Members and very high class philosophers, politicians, economists and even leaders of labour on this subject and I think it is time they should hear the views of some laymen like myself. I thought the last speaker also claimed the position of a layman and had put his case very pathetically before the House. But I am afraid I cannot agree with him in the conclusions he has arrived at. Sir, the debate has reached such a high pitch of eloquence and oratory, that I find it very difficult to follow it in the same strain. I am afraid I shall have to bring it back to the understanding of an ordinary man like myself, because, after all, the House is not entirely composed of highly qualified lawyers and economists, but there are some like myself and my

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Honourable friend, Captain Hira Singh (Laughter), who can only claim ordinary common sense, and it will be from that common sense point of view that I shall try to lay the case before the House. But, Sir, before I do so I should like to remind the House, if reminding is necessary, that I am a nominated Member, that much maligned and condemned nominated Member, of whom you hear so much in this House.

Mr. Fasal Ibrahim Rahimtulla (Bombay Central Division: Muhammadan Rural): So the Honourable Member is helpless in the matter owing to want of a constituency.

Nawab Sir Sahibzada Abdul Qaiyum: But I do claim, Sir, that I have a certain amount of self-respect and responsibility (Hear, hear) and a little credit in my own part of the country and it will be with that sense of responsibility that I shall try to lay my views before the House. Is it not a fact, Sir, that, both elected and nominated Members come to this House with certain preconceived ideas, ideas which they have been entertaining at their homes long before their elections or nominations take place? I do not think, that there is much difference between the status of the two, as far as my personal opinion goes. While the one owes allegiance or election to a constituency or a class of people who are out to condemn the present form of Government, the other who comes from his constituency, whether it is the so-called Viceregal Lodge or the people of his own way of thinking. He is not out to condemn the Government in all and every matter. Both are treating the Government like an accused person, but while the nominated Members think that, unless by the evidence laid before the House they find the accused guilty, they will not condemn the Government and pass a verdict of guilty against them, the majority of the elected Members take it for granted that the Government are already guilty and convicted and they will not give the Government the benefit of any doubt that may arise in the House as the result of the debates or discussions! That is the only difference that I can see. I will not say more on this subject. But I must confess that I am a nominated Member, whatever reasons there may be for my coming to this House as a nominated Member

Maulvi Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): What can the Honourable Member do? His friends in the House have not given reforms for his province to enable him to come in by election?

Nawab Sir Sahibzada Abdul Qaiyum: I assure the House that I shall try to be honest in this matter. You may not occasionally find me very honest in some matters. When they touch my religion or my community, possibly I may be a bit partial there, but in a matter like this, I am quite free and open to conviction. Now, Sir, coming to the main issue before the House, I find that the debate we have been holding for the last few days is on a measure which is laid before the House and which claims to give protection to certain industries in this country, especially to the textile industry or mill industry as it is generally called. The people who have introduced the measure also claim that it is a measure for the protection of the industries of the country. On going through the Bill and the Statement of Objects and Reasons of the same, I see that the word "Preference", Imperial or otherwise, is not there and seems to have been intentionally omitted from the language of this Bill. At least I have not come across the word in the Bill itself or in the Statement of Objects and Reasons of it and if this is so, I think we have got nothing except our own fears and

suspensions to go upon. These may or may not be justified—I do not dispute that, but the shape in which the Bill is drafted and put before the House, clearly shows that all reference to Imperial Preference has been omitted. Personally I do not see what difference the omission of the word "Preference" will make if there is that word in the Bill called "protection", which means the same thing, self-protection, self-preservation or self-interest! As long as self-interest exists in this world and words of that sort are there in the dictionary, I think the word "preference" should be used as an adjective only and the two words "protection" and "preference" should be considered as synonyms. If you study nature, there is the principle of self-preservation, and preference in everything before you; in animal life, in vegetable life, and in everything else there is this principle of preference or protection. Well, Sir, if one were to try to make difference between protection and preference, then, according to my light, preference would be applied in a case when you have something surplus to give to somebody and you want to judge to whom you should give it, or when you have something to give in charity and you want to decide to whom it should go. So if there is anything surplus with us and we are asked whether we would like to give it to one nation or the other, then the question of the preferential treatment of the one or the other would arise, but not otherwise. Of course preference could be shown in another way too, that is, if I am to be killed by some one and must die, then I have the choice whether I should prefer to be killed by A or by B! If you want to apply your preference in that way, you are welcome to do it, but I do not believe that the word "preference" should be used in a case like the one under discussion. The simple question before us is this, and it is not disputed by any Member of the House, that the mill industry in the country is starving and is in difficulties and that it requires protection. There is no dispute about that; the question is how to protect it. This protection could be given them either by bounties or by raising the import duties. These are the two ways of helping the industry. If you give bounties, you submit the consumer to a direct taxation. You have to raise the money at once and help the industry by taking the money from the pockets of the consumer in a direct manner. If you impose additional import duties, then the result perhaps is also, to some extent, the same, but there is a possibility of the mills developing themselves in such a way as to bring in some good to the consumer by cheapening their goods as against the foreigner who will have to raise his prices to cover the extra duties. Well, Sir, if we are to consider the position of the mill industry in the country, we have also to consider the position of the producer of the raw material and of the consumer. As regards the producer of the raw material, I believe that, as long as our population stands at its present figure of 80 or 82 crores, and clothing must be found for them from somewhere, the producer's raw material must be purchased either by the local mill industry or by the foreigner. The foreigner will not care to buy much of it if he can find it cheaper in other places, but the local industry will not go out of its way to import raw material from outside when it can find the material in its own country at a fairly cheap rate. If they are wise, the local industries, I am sure, will buy the locally produced material and will employ it to a very large extent. In that case the producer's losses will not, to my mind, be very considerable. I think they will be smaller than even the losses of the consumer. The material will surely be used by the local mills and no surplus material will remain to be exported and the prices of the raw

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material will not go down very much. That is my idea of the thing. Even if the produce is not fully consumed by the local industries or if the local mills do put up higher prices after finishing their goods, the possible result will be that people will restart their cottage industries and will find labour at home which is the object of Mahatma Gandhi's movement. Supposing the people find themselves unable to buy these goods on account of their higher prices, then, is there not the possibility of the revival of cottage industries, and the object of Mahatma Gandhi's movement will be more readily achieved.

Sir, as regards the differential import duty that is suggested to be levied, my idea of it is a little different from others. I will take it in this way, our house is liable to flood from various directions, from the Lancashire side, from the American side and from the Japanese side, etc. I have to fortify my house against these possible floods, in the light of the experience of the past. If I am a wise man and want to be on the safe side, I shall build a stronger wall against the corner from which I have suffered greatly in the past and from which I fear the floods in a more tremendous way in the future and I will put up an ordinary wall against the corner from which I do not expect much damage, or very strong torrents. If the past history of this trade shows that the market of India has been captured to a great extent, if not wholly monopolised, by goods from Japan, as compared with goods from Lancashire and if I see that conditions of labour in Japan are favourable for the expansion of that industry in that country as against the expansion of Lancashire industries, then I should be careful to build the wall against Japan a bit stronger than against Lancashire. Sir, Lancashire every now and then gets into the same labour troubles as Bombay gets into occasionally and there can be no question of comparison between the two. Wages are very high and labour troubles are more constant in England than in Japan and I do not think that Lancashire has much chance of occupying the place which may be vacated by Japan in the Indian markets. There is not much fear of the market left open by the Japanese goods being captured by Lancashire, if the mill industry of this country were to avail itself of this opportunity and develop its resources. No doubt our mill industries will have to exert themselves when they have got this opportunity, and I am sure that in their own interest they will do so. They have seen some bad days, and if the accusation against them is true that, in their good days they did not develop themselves or strengthen their position, I am sure they will benefit by their past experience and not commit the same folly again. They will have to develop their mills, and having done so, there is not the least possibility of their not being able to prevent any influx of goods from the Lancashire side. The local industries have already achieved much in the past in that direction and there is no reason why with this additional import duty they should not improve still more. Well, Sir, that is my reading of the situation. I do not consider that it is a question of preference to one nation or the other. It is the question of protection against possible intruders. I have used the word "floods" and the direction from which we have the greater fear of floods will have to be guarded with a stronger wall than from the other direction.

Personally I am not very much enamoured with this high principle of "free trade" and no partiality, no favouritism and no "preference". I am a very selfish man. I am not like some of those gentlemen, especially my friend, Mr. Acharya, who claim to be more spiritual than myself. I have

only materialistic ideas in a matter like this and can see the gain and loss side of it only. If I gain something by this protection, I will not really worry myself much as to whether full justice is done outside my country to two other nations or not or whether one nation has got preference over the other. I shall be delighted to see that justice is done to everybody all over the world on the face of this earth and that everybody should have equal rights, but that is beyond practical politics and possibilities. People, in order to protect themselves, have to impose differential protective duties, and even if we do not impose them, there are and will be other nations in this world who have already done so. Our sentiments at this juncture appear to be more in favour of Japan at least among some of the elected Members here! I can realise those sentiments as an Asiatic and I can even admire them to a certain extent. But I think that the British nation has not done us badly in the past if we were to compare ourselves with others placed in similar conditions under other nations in the rest of the world. We have not got much experience of other Colonies under other European and American Nations. But if we were to find out about the positions of other countries placed in similar conditions before the war, though they have changed hands now, and I, as a humble traveller in most of the continents of the world, have had the opportunity of seeing those conditions, I can assure the House that they were not very much better as compared with ours and that we were and are much better off in many, if not in every, respect. But the difficulty is, as the Persian proverb says, that vessels do crack when they are near one another, but when far off there is not much chance of their cracking. There is also another Persian proverb which says that the noise of the drum sounds better from a distance! Similarly we hear a good deal of the better treatment of others, but if we were to compare it with our treatment in this country, it will be the same if ours will not be much better.

I am not going, on this occasion, to plead the justice or the injustice of the British rule in India. As I said at the beginning, I will look at this matter only from the economic and material point of view. Sentiments and personal views do not count with me and should not count with others in a purely business matter. By nature we are always very sentimental. Orientals as a rule and Indians in particular are more sentimental than practical. There was a time when we were weeping for certain things that were happening in the far North-West Africa or in the Near-East or in other parts of the world. We were shedding tears for them and spending our little precious money for them. But when things settled down there, those people who were more practical than ourselves would not care to go by our sentiments and would run their affairs as it suited them. Similarly, I have not seen any signs, so far as the Far Eastern nation mentioned in this connection is concerned, of their shedding very many tears on the condition of India, though as members of the Great Nations Conferences that are going on in the world, they can do a lot for us. They can settle matters about the so called Imperial Preference with the British Government. We are not yet free to be blamed for anything. I wonder if the Japanese would ever go out of their way to help us materially if—God forbid—an opportunity were to arise. Our sentiments should go to them—Orientals against Occidentalists, Asiatics against Europeans, Indians against Persians or something of that sort. This is quite good so far as sentiment is concerned, but I am not one of those who will allow those sentiments to interfere with the practical question of the protection of my home industry. or to

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lead the giving up of that protection or possibility of protection, for the sake of that sentiment. I shall be a very pious man if I say that, if a wrong is being done to a certain person in another part of the world, I should give up my chance of getting some gains, a little protection or a little help simply for that sake. If we decide to be so spiritual we shall be always at a loss in the present state of the world's affairs. I am afraid people have become very very materialistic, and they do not go by these sentiments.

Another thing which strikes me is this, Sir, that while in the same breath many Honourable Members accuse the Government of irresponsibility, *i.e.*, of not being responsible in this thing and in that thing, always bringing in that as a grievance, they think as if it is in their power to change the whole constitution all at once by refusing a measure like this. They can express their opinion and have done so, but it is not becoming of them to condemn and abuse the Government in season and out of season on every measure and point. I should like that a week in every Session be allowed for the condemnation of the Government, or if necessary, a week in a month or an hour after the question time and perhaps Members would be quite justified in demanding this; and as the Treasury Benches have got accustomed to it, and have been showing so much patience that I never see much pain on their faces when they are cursed by Members in terms such as "go to the dogs" etc., etc. I believe they will be quite prepared to bear that condemnation for an hour, a day or a week, a month or even a month in the Session. But it is a thing which really destroys the smooth working of the Assembly, when, in season and out of season, condemnation and political issues and constitutional affairs are brought in in such matters as a Tariff Bill. I believe a certificate should be given by the Government of India to such Members at the end of every Session that they knew that they were in disagreement of the Government's present policy, and that they need not waste much time over such condemnations!

Coming back to the old point, Sir—I occasionally get astray I am afraid,—this is a measure which has been brought about for, and is necessary for, giving protection to the mill industry of this country. The industry really is in need of it, and whatever other side issues and sentiments may be raised, it is going to give protection to the industry. It is not only that the millowners will benefit by it, but there will be additional revenues to the exchequer which may be used for some nation-building works. The loss to the consumer, if any, or to the producer, if any, will be the gain of somebody else in the country whether it is the millowner or whether it is the carpenter who will be building some new Government office somewhere in this country; but I believe that the money will to a great extent remain in this country, and that the foreign trade will diminish too to a certain extent by the imposition of this extra duty. We should therefore allow the Bill to pass. Why put the Labour Government which means to do some thing for India into trouble with the Lancashire and other labour organisations at home and weaken their position?

Sheikh Mushir Hosain Kidwai (Cities of the United Provinces: Muhammadan Urban): Sir, to my mind the question of the merits or demerits of the Tariff Bill has been completely overshadowed by the constitutional

crisis of a very great magnitude that has arisen, and until that is solved by some means, by a motion for adjournment or by some other means, I do not think that it would be possible at all to do justice to the merits of this Bill. What is the position, Sir? Either the Government here refuse as was done by Lord Lloyd in Egypt to carry out the policy chalked out by my friend Mr. Ramsay MacDonald's Labour Government in England or it was nothing but a deliberate deception on the part of the Secretary of State for India himself to have said that Dominion Status was in action in certain respects—at least in fiscal matters. Mr. Wedgewood Benn said, on the subject of the constitutional position of India, that India had the same status as a Dominion possessed on the question of fiscal autonomy. But what do we find here? We find that the Government have adopted the attitude that, whatever the opinion of this House may be, they are committed to this Bill, and that they are not prepared to listen at all to the opinion of the opposite Benches on this question. I beg to say that this is not Dominion Status in action. This despotic attitude of the Treasury Benches is not in consonance with the policy which the Secretary of State for India enunciated in the House of Commons so recently. It is obvious that the attitude adopted by the Treasury Benches has made it absolutely impossible to have any fair discussion on this Bill. Every Member of this House (even those Members who were in favour of the Bombay mills not excepted) made it clear that he would not vote with the Government if the Government's threat of withdrawal of the Bill were not there. All the Members believed that improvement was possible in the Bill, but they were afraid of making any improvement because of the attitude adopted by Sir George Rainy that he was not prepared even to look at any amendment, however well supported it might be by arguments. I may go even to the extent of saying that the attitude adopted by Sir George Rainy amounts to an insult to the Leader of the Opposition. I do not belong to his party, in fact I belong to no party, but I do very strongly resent the attitude adopted by Sir George Rainy, and I hope that he will even now give up his obstinacy and give an opportunity to the Leader of the Opposition to make out his case for the amendment he has put forward.

Sir, in my opinion some way must be found to solve the constitutional crisis which has arisen before we deal with this Tariff Bill, and until that is found it is no use our talking and discussing and wasting time over it. It may be said on behalf of the Treasury Benches that Mr. Wedgewood Benn said that Dominion Status was in action when the Government and this House were in agreement; then the Secretary of State would not interfere in fiscal matters. But my point is this. The Secretary of State simply enunciated the policy of the British Government as regards the constitutional position of India, and he used particularly the words, "Dominion Status in action" which could not mean anything else, but what you, Sir, pointed out, that is, if Dominion Status really was in action, then the Treasury Benches would have to act as if they were Ministers in the Dominions as far as the question of fiscal autonomy was concerned—they must agree to the majority vote of this House on fiscal matters.

There is another point, Sir. How could we come to an agreement—the Treasury Benches and the House—unless Sir George Rainy kept an open mind, and he did not adopt that attitude which I should describe as Czarism in action, that is to say he was not prepared to listen

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to any argument; he was not prepared to allow himself to be convinced. If he stuck to this dictatorial attitude how could we expect this House and the Treasury Benches to come to an agreement on this question? Therefore I submit that the matter being one of first class importance, we should first of all decide and come to a clear understanding as to the constitutional position which India occupies in this respect.

Pandit Thakur Das Bhargava (Ambala Division: Non-Muhammadan): Sir, this Bill has been under discussion for a long time and various arguments have been addressed to the House in connection with this Bill. It has been urged that there is no Imperial Preference involved if this Bill is accepted by the House. It has been urged, as this Bill does not accord protection to a sufficient extent, therefore the principle of Imperial Preference does not come in at all. Preference has been sought to be defined and various words have been suggested for the word "preference".

Now, Sir, the first question that arises is, whether this Bill does involve Imperial Preference or not. I will read what the Indian Fiscal Commission have to say on this point. According to them, in paragraph 224:

" 'Preference' means that goods from one or more favoured countries pay duty at a rate lower than the general rate. Whether the preferential rate is a real reduction in duty or whether the general rate has been arrived at by making an addition to what is considered the minimum duty, which thus becomes the preferential rate, is considering the economic effect, immaterial."

Now, Sir, I fail to appreciate the arguments of those who believe that no question of Imperial Preference is involved in this Bill. I cannot understand why the Finance Member should have taken pains to devote five or six paragraphs in his speech to this question, and why an appeal to the wider interests of India should have been made on the supposition that no Imperial Preference was involved in this Bill. I take it, therefore, Sir, that this Bill is nothing but a Bill for giving Imperial Preference, and if Imperial Preference is involved in this Bill, I would certainly expect that those conditions which the Indian Fiscal Commission laid down in reference to the adoption of the policy of Imperial Preference should first be satisfied before this measure can be considered. Now, Sir, the first condition that they laid down was that the policy of Imperial Preference should be determined in accordance with Indian opinion. I am reading from para. 262 where they say:

"We recognise that the question of Imperial Preference is one which can only be determined in accordance with Indian opinion, and that the Indian view can be best ascertained by reference to the Council of State and the Legislative Assembly without whose free consent no such policy can be adopted."

Now, Sir, the first point that I wish to submit is that it was the duty of the Government to determine what the Indian opinion was in this matter. It is true that, while the two Houses are sitting, public opinion can best be found out by ascertaining the opinions of the two Houses, but all the same, these two Houses do not cover the entire field of public opinion in this country. Then, again, Sir, in para. 263 this is what the Indian Fiscal Commission say:

"It is evident that the Legislature can hardly be asked to pronounce an opinion on the policy until it has some idea of the extent to which its application is feasible. We would therefore recommend that, as a preliminary to any consideration of the desirability of India adopting the policy of Imperial Preference, an examination should be

made by the Tariff Board to determine whether there are any commodities on which preference might be given in accordance with the principles which we have laid down, to the benefit of the Empire and without detriment to Indian interests."

Now, Sir, we know that, in the year 1926, there was a reference made to the Tariff Board and a perusal of their Report would establish that that Tariff Board did not countenance the acceptance of a policy of Imperial Preference. At page 177 they said this:

"The majority of us do not consider it necessary to discuss the advisability of such a duty for three reasons. In the first place, it would, in effect, amount to Imperial Preference and thus raise broader questions of commercial policy than can be dealt with by such a Board as ours, with limited terms of reference. A second and even more important consideration is that the proposals we subsequently put forward will involve a very much larger expenditure than would be provided by the imposition of a duty which would only affect a comparatively small proportion of the imports into India."

Now, Sir, the Tariff Board did not consider the question of Imperial Preference. According to para. 268, I understand that the convention is that the Tariff Board is an integral part of the constitution as laid down in para. 96 of the Report of the Indian Fiscal Commission. This is what they say:

"It will be obvious that the successful working of any such scheme of protection as we contemplate postulates the existence of a thoroughly competent and impartial organization of the Tariff Board which will make inquiries into the conditions of the industries and recommend whether protection should not be extended to them and if extended what the rate should be."

Further on they proceed to say this:

"The Tariff Board is an integral part of the constitution."

Now, Sir, may I inquire as to why no reference was made to the Tariff Board to inquire into the matter and report upon an important matter like this. The reply is given in the speech of the Honourable the Finance Member, but that reply is hardly convincing. In 1926 the question was whether protection was to be given to the mill industry in Bombay and the mill industry in India. At the time the report came out, the Government shelved that Report. They only produced a yarn Bill, which was also not in accordance with the recommendations of the Tariff Board. I put a question on the 26th March, 1928, in this House and I asked:

"Do the Government propose to take any action in pursuance of the recommendations of the Tariff Board Report on the textile industry?"

The Honourable Sir George Rainy replied:

"As the Honourable Member is no doubt aware, the Government of India have already given effect to the recommendations which they have been able to accept. They have also brought to the notice of the Government of Bombay the recommendations with which the Local Government are concerned. There remains therefore no further action for the Government of India to take."

Now, Sir, it clearly follows that the Government of India did not accept the Report of the Tariff Board and did not think it worth their while to protect the mill industry of Bombay. Now, may I ask what has transpired between March, 1928, and 1930 that has actuated the Government of India to take up the question of protection. Sir, the truth is that, whenever and wherever the interests of India and England clash, the Government of India have not served the best interests of India

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and they will never move in the matter if the interests of England are likely to suffer. But no sooner do the Government of India find that the interests of Lancashire or England require protection, than they take up the matter, give a colour to their own acts and proceed on the supposition that people can be deluded to believe that they are acting in the interests of the mill industry of Bombay, whereas, in their heart of hearts, they think that protection to Lancashire is necessary. That is the sole truth. This is not the only industry that we have seen treated in this manner. Look at any industry in this country and we find the history repeated. What happened in regard to the salt industry and the Sugar industry. Is not the history the same? I do not know of any industry in which the Government have looked to the best interests of this country, when they clashed with the interests of England.

If it is true that this policy of Imperial Preference cannot be given effect to without the approval of Indian opinion and without the approval of the Legislature, in accordance with the recommendations of the Indian Fiscal Commission, may I humbly know what steps the Government have taken to find out Indian public opinion? Whenever a Bill is brought forward in this House and a motion is made that the Bill may be referred to the Select Committee, the Government turn round and say "Where is the hurry? Why not send it for opinions". Now, may I ask, what was the hurry in adopting this course without even considering the report of the Tariff Board. It will be said, it has been said, by the Honourable the Finance Member that the matter is too urgent. Now, Sir, if you will look at the dates of the Tariff Board Report, you will find that the Tariff Board on textiles began its work on the 1st July, 1926, and finished its labours on the 1st January, 1927. It took almost six months to produce this Report. With the help of the materials collected on this Report, Mr. Hardy's Report and the Report of the Fawcett Committee, it would not have taken more than a month for any Tariff Board to report on a matter like this. I understand that the Bombay mill industry applied to the Government of India for protection again in November or December. In those three months any Tariff Board would have undertaken this task and reported on the issue in question. But the truth is that Government did not want to protect this industry. They wanted to evolve an arrangement by virtue of which they might be able to protect the Lancashire industry and give it the colour of protecting the mill industry of Bombay. Sir, I remember a passage which I read in my college days from the speeches of Edmund Burke when he impeached Warren Hastings, in which Edmund Burke described an invention of Ganga Govind Singh and Devi Singh for the purpose of exacting and extorting illegal dues from the poor ryots. He said then that a machine was invented by these two men, and the arrangement was so made that two persons were at one time put on a *tik tiki*, a sort of pivot for caning. Now, the father and the son were both put on the *tik tiki* and it was so arranged that if the father wanted to shirk the injury, it must strike the son and if the son wanted to shirk the injury, it must strike the father. I will give credit to the gentlemen who are responsible for this Bill for finding out a similar arrangement. If, Sir, we want to defeat the Bill, we are confronted with the grim fact that the Bombay mill industry is not protected. If we want to protect the Bombay mill industry, the father is struck. The political issue is the

father and the commercial issue is the son. I think the Government have even beaten Ganga Govind Singh and Devi Singh. The reason which the Honourable the Finance Member has given for introducing this measure is one which will never appeal to this section of the House. The entire mentality behind this measure proceeds upon one assumption, and it is this, that in times to come, as in the past, India is to remain for ever the producer of raw materials for England and England is to be the manufacturer of those raw materials. On page 59 of the speech of the Finance Member we find, he said: "In the second place it is desirable to encourage industrial development provided that this can be done in conjunction with, and as a supplement to, the agricultural life of this country". No Englishman likes India to evolve industries which are not connected with the agricultural life of the country. They want that, so far as manufactures are concerned, India may always look to England for her manufactures. The entire endeavour seems to be that, in times to come, the Bombay mill industry should never succeed in building up an industry dealing with finer counts of yarn and clothes. When I came to this House, the Report of the Tariff Board was one of the first Reports that were supplied to us. I thought that, after all, the Government of India are now taking a new turn in their life, but I was deceived, and when I received the reply that Government are not doing anything in the matter, I recognised that these commissions and committees are only meant for a particular purpose. They are only meant to shelve inconvenient questions for the time being. When we come across any report of any commission which goes to the root of the matter, for instance, the Skeen Committee . . .

Mr. President: What about the Age of Consent Committee of which the Honourable Member was a member.

Pandit Thakur Das Bhargava: In regard to that, I will only submit that the Government have shelved all the recommendations of that Committee, and when they passed the Sarcia Bill, they gave us a measure which will be fruitful of much greater evils than of good things. I say it deliberately, because I moved an amendment in that connection so that the Government might be able to take automatic action in suitable cases. Government declined to accept that amendment, while admitting that the amendment was good.

Mr. President: And yet the Honourable Member voted for the passing of the Bill?

Pandit Thakur Das Bhargava: So far as that aspect of the case is concerned, we are not so unreasonable as this Government. If the measure is one which will benefit my people, I will certainly accept it, even if it does not come up to my expectations, but where a principle is involved, where that principle goes to the root of the thing, I will never accept a measure which is full of poison, and will kill me the next day. That is my reply. Sir, I was submitting that whenever an inconvenient report comes in, the Government are in the habit of shelving the report of that Committee. Now, Sir, when this Report came, it was very difficult for the Government to accept the recommendations, because they were, if you will allow me to say so, honest recommendations. Sir, the main recommendation of this Report was that the Bombay industry would be well advised in insisting that the industry builds

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itself up in a way that will be armed with the power of manufacturing cloth of finer counts. That was one of the recommendations. I will now refer you, Sir, to page 153 of the Report where it is said :

"We consider that it is essential that Bombay should utilise to the full the natural advantages it possesses in the matter of climate and of its situation in respect of imports of American or African cotton for the production of goods of higher quality than it has done in the past, that it should devote much less attention than it has done to the production of grey goods, more especially of grey longcloth and shirtings, and that it should embark on a much larger production of bleached and coloured, printed and dyed goods."

And then, Sir, there were proposals in the Majority Report for giving a bounty to higher counts. The main recommendations did consist in giving every facility for the production of cloth of higher counts. This was exactly the thing which this Government do not want, and this Bill is designed to postpone for ever any such endeavour in this direction.

Now, Sir, what is the stunt that we are treated to now? In this Bill we find that the position of the Government is that the quality of the finer count does not enter into competition with the cloth manufactured in India. Sir, I do not accept this proposition. But assuming it is true, may I humbly inquire what will happen to any person who now wants to go in for a mill which is intended to produce cloth of finer counts? What protection is there for a mill like that? Then, Sir, it is said that this Bill will only last for three years. What will happen after three years? During this period, the manufacturers of Lancashire will capture the Indian market and will regain the territories that they have lost to Japan. They will be the sole monopolists in this field, and they will be able to extort any price they want. After three years, when they have been practically in sole monopoly of the entire market, and if then any new industry wants to rise up in this land, how will it be able to compete with the specialised industry of Lancashire. Therefore, it may happen that, when the Bombay mill industry is relieved of its present troubles and wants to rise up again, it may be faced with a very grave situation, and it may find itself in such a position that it may not be able to compete at all, in so far as finer counts are concerned, with the Lancashire industry. Therefore, I think, that, judged from this standard, this bait may prove too much even for the Bombay industry.

Sir, much has been said about the interests of the consumers in this House, and with your permission I wish to scrutinise that aspect of the case. I am really amused when I hear Members of the Government of India talking about the consumers. Sir, when I spoke last time on the Budget I submitted for your consideration the real condition of the masses. Any person conversant with those conditions will be laughing in his sleeves when he hears in this House the interests of the masses being talked of by the Members of the Government. Sir, today thousands of people are dying of starvation. Why do you talk of cloth? They are not getting even food. When has this Government thought of these people? They want that they may get labour for one anna a day, but this Government will not provide them with that labour even. Sir, such is the state of things. If a person of those classes were to come into this House and hear the speeches of the Honourable Members, I think he would be very much pained. He will hear that, in his name, such injustice is being

perpetrated and such arguments are being advanced as would actuate him to exclaim, "save me from my benefactors". Sir, it is unsophisticated blasphemy for Members of the Government to talk of the interests of the consumer in this connection. What is, after all, the interest of the consumer in this matter? Generally speaking, he produces cotton which he or his village weaver can manufacture into yarn and cloth. Taking the estimate which appears in Appendix IV of the Report of the Tariff Board, it is about 14 yards of cloth that he consumes per year. This 14 yards, in times of yore, was manufactured in his own village and he did not have to go out to buy it. If this Government could have left him in that blissful solitude, I understand he would have blessed the Government. But, Sir, that industry, which flourished in this land, has been destroyed by this Government, and when an industry has been built up by the industrialists of Bombay and other places, this Government will not protect that industry. Now, in regard to these finer counts, may I presume that the middle class people and persons of affluence will be affected and not the poor class of people? It may be that those who use cloth of finer counts are not poor people. Let me assume that for a moment. On this assumption who will be affected? Not the poorer classes, not the consumers for whom this Government is so solicitous.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): I rise on a point of order, Sir. I find the following Notification in the Government of India (Extraordinary) Gazette dated the 26th March, 1930:

"In pursuance of sub-section (2) of section 1 of the Indian Tariff (Amendment) Act, 1930 (XI of 1930), the Governor General in Council is pleased to appoint the 29th March, 1930, as the date on which the said Act shall come into force."

I should like to know how that date could be fixed in advance?

Pandit Thakur Das Bhargava: Sir, I was submitting that, on the assumption that middle classes and rich persons use cloth made of finer counts, will it not be they who will be affected by this Bill? If it is so, then I would submit that the opinions of the elected Members of this House are the only opinions, which can be said to be authoritative opinions. On account of the rules and regulations for franchise made by this Government, and the right of representation given so far, if any person or class is represented in this House, it is those middle class people and rich people and thus the opinion of these elected representatives should be regarded as final in the matter. Sir, I find each and every Member, to whatever group he may belong, rising in his seat and saying that he is dead opposed to Imperial Preference. There is absolutely no difference between persons belonging to any of the popular groups in this matter. If the Members of the Independent Party accept this Bill, they say that, "Ours is not a free consent". If the other Members accept the Bill, they always say that they are not free to vote, as it is at the point of pistol that they have to vote with the Government. Therefore my submission is that, if this condition as regards free consent is to be satisfied, it is abundantly clear that this House is dead opposed to the policy of Imperial Preference. Now, Sir, the words used are, "free consent". May I humbly inquire from the Government as to what they understand by the words "free consent". I can understand "consent", but what is "free consent"? Is it consent which is tainted with undue influence, misrepresentation, fraud or force?

Mr. President: Order, order. The Honourable Member knows that the Government of India Act guarantee freedom of speech and freedom of vote in this House.

Pandit Thakur Das Bhargava: Sir, I do not submit that those gentlemen who will vote with the Government will be carried bodily or personally to the lobby by the Government Members, but I want to know by what name will this Government call that action in which the Government have got a remedy in their pocket, and a person is dying, and the relatives are all gathered round him, and the Government say to them, "Well, here is the medicine by which this person can be saved from the jaws of death, but as a price for that medicine, you shall have to part with all your possessions, with all your conscience and with all your political opinions that you have got, and with all that you hold near and dear. Is this fair play?"

Mr. Fazal Ibrahim Rahimtulla: But they give you the choice.

Pandit Thakur Das Bhargava: I do not doubt that my Honourable friend Mr. Fazal Ibrahim Rahimtulla will not be carried personally into the lobby. But he will be going against what is written in this book (Report of the Indian Fiscal Commission), the product of one of the ablest men in this land, Sir Ibrahim Rahimtulla, his own father, to whom he and I owe great respect.

Mr. Fazal Ibrahim Rahimtulla: May I point out, Sir, that the question of Imperial Preference is not at this juncture before this House?

Pandit Thakur Das Bhargava: In the first instance I only pointed out what Imperial Preference was according to the Indian Fiscal Commission and I regard that as an authoritative pronouncement.

Mr. Fazal Ibrahim Rahimtulla: That comes at a later stage.

Pandit Thakur Das Bhargava: At this stage I would like to deal with two arguments, leaving aside the thread of the argument that I was placing before the House just now. One argument that I heard from Mr. Fazal Ibrahim Rahimtulla was that at this stage, that is, at the consideration stage of the Bill, Members should not make long speeches, because the question has already been discussed, and further, at this stage, it is not germane to go into details of the matter, and when the amendment comes forward, then it will be time for Members to give their opinions, and secondly the Honourable Mr. Munshi today appealed to the Nationalist Benches to give up their attitude of hostility to this measure and adopt another attitude. Now, Sir, I will meet both these arguments. In the first place the position was quite different before the Honourable the Commerce Member said on the floor of the House that he was not prepared to look at any amendment except that of Mr. Chetty, which is nothing but Imperial Preference, and also except that of Mr. Fazal Ibrahim Rahimtulla, which is also based on nothing but Imperial Preference.

Mr. Fazal Ibrahim Rahimtulla: May I point out, Sir, that, as far as the Government attitude is concerned, as I understand it, it is that the Government are not prepared to support any of the amendments which they do not like. It is for this House to decide what amendments they would accept.

Pandit Thakur Das Bhargava: Then, I understand, there is a fundamental difference between him and myself. The Government have made it absolutely clear that they are not going to accept even the vote of this House.

Mr. Fazal Ibrahim Rahimtulla: They never said so.

Mr. M. S. Aney (Berar Representative): They have.

Pandit Thakur Das Bhargava: I understand that if Mr. Fazal Ibrahim Rahimtulla is convinced that Government mean this, he will change his opinion like an honest man. I read only today in the papers and it gave me great pain to read it—if I am wrong I should like to be corrected by the Honourable Sir George Rainy—I read that the Government would not abide by the vote of the House. If I understand that to be the position, then I am perfectly right that this constitutional crisis, to which my Honourable friend, Mr. Kidwai, just now referred, is a grim reality and it is a greater reality than this ghost of fiscal autonomy. Sir, the difficulty seems to be one of exceptional complexity. Under the circumstances I think it is a question more of temperament rather than any other question, which makes a difference between Members of the Independent Party on the one side and Members of the Nationalist Party on the other. The situation resolves itself into this, that the Government admit that the Bombay mill industry is in a desperate position. The Government have said so times out of number, that this industry will die, and they would not refer the matter to the Tariff Board now because the matter is urgent, but at the same time the Government have adopted the attitude that if this particular measure, addition of item 156-A to the Tariff Act, is not passed in the form in which the Government have placed it before the House, or in the form in which Mr. Chetty, the old Secretary of the old Swaraj Party, wants it to be amended, if either of these two things is not acceptable to the House, it is clear, Sir, that the Government will let this industry die out. But, Sir, I, for one, am gifted with a better sense of imagination and I think that no Government are worthy of the salt of India, who take up this attitude, and no Government can take up this attitude for a long time. I am one with my Honourable friend, Mr. Birla, that if the mill industry of Bombay will take courage in both its hands and brave the situation, I have not the slightest hesitation in saying that this Government cannot, for a long time, withhold protection which is due to the industry. After all this is a question of imagination.

Sardar Kartar Singh (East Punjab: Sikh): It is a mere threat. They cannot withdraw the Bill, because they want revenue.

Pandit Thakur Das Bhargava: I do not agree with Sardar Kartar Singh when he says Government want revenue and consequently they have brought in this Bill. The Government would have got two crores of rupees more if they put a duty on Lancashire goods and all that revenue the Government are depriving themselves of and making a present of the same to Lancashire. The question of revenue does not come in. My Honourable friend, Mr. Munshi, made an appeal to us that, so far as the Nationalist Party is concerned, their conduct in this House will be more consistent with the position that Mr. Munshi had taken up rather than with the position that we have taken up in this House. Sir, let me clear the ground by saying that no Member of the Nationalist Party or, for the matter of that, no nationalist would ever agree to Imperial

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Preference in respect of cloth, one of the first and primary necessities of life for which natural advantages exist in this land. Secondly the reply is furnished by the Honourable the Finance Member when he says:

"It affords striking evidence that the fiscal autonomy convention has become an integral part of the constitution and that even when British interests are most profoundly affected by tariff changes in India the intervention of the British Government is restricted to representation and appeal."

Now, Sir, I beg to ask if Mr. Munshi agrees that this fiscal autonomy convention is a mere sham, let him agree to it, let him proceed on the principle on which the Honourable Mr. Jinnah proceeded, and I can understand his position, but as long as Government say, as long as the Secretary of State says in England that fiscal autonomy is a reality, we must take them at their word. Really those gentlemen like the Honourable Mr. Jinnah and Mr. Munshi who speak so smoothly and who speak so sweetly, are really blaming this Government for inconsistency, which is another word for untruth when they say that this convention is not a reality. Sir, one of the two things is right, this fiscal autonomy is a thing which the Government accept, or it is a thing which they do not accept. I can understand the situation, if the Government say that if the Legislature does insist upon the particular amendment, the Government are not prepared to accept it. I can understand that position. The Government can say, and an irresponsible Government can certainly say, that whatever the Legislature insist on, they are not ready to accept, but then is the Legislature not entitled to know what will be the Government's attitude if the Legislature does not accept what the Government say? The Government say they want Imperial Preference, but the Legislature says, "No, we do not want it". But both of them want protection. How can you get this protection to this dying national industry of India if they do not proceed in the way in which this Assembly wants them to proceed? That is the whole question. I do not know, Sir, as to who is responsible for the constitutional crisis. When I read the papers today, I found that the Secretary of State, Mr. Wedgwood Benn, clearly stated in the House of Commons that this policy of Imperial Preference was not initiated by them, and they were not particularly enamoured of this policy of Imperial Preference. It seems that, according to the Honourable Members of the Executive Government, there is no pressure so far as the Government at home is concerned.

Mr. Fazal Ibrahim Rahimtulla: They have admitted that.

Pandit Thakur Das Bhargava: I know. There is no pressure from them. I am perfectly clear in my mind that the millowners of Bombay do not want it. This House clearly does not want it. Then who are those gentlemen who are responsible for this?

An Honourable Member: Six gentlemen.

Pandit Thakur Das Bhargava: My Honourable friend says, six gentlemen who are sitting on the Treasury Benches are responsible. But I can assure the House that the Indian part of the Executive Council could not have been responsible for it. Then the position is that only three Members can be responsible for it. Out of these I know that Sir George Rainy could bring in a Bill of this nature in 1927 when he brought the Yarn Bill, but he did not venture to do anything of the sort on that occasion.

I do not know how to eliminate him out of this. I would like to eliminate all the three, but my difficulty is that somebody is responsible, and whoever is responsible, I am here to give him my meed of praise. After all, the gentleman who is responsible for this measure, does not know the real Indian mind. I do not concur with the Honourable the Deputy Leader of my party when he said that he wants some political return for Imperial Preference. I surely do not concur with Mr. Chetty when he said that he wants an economic return for it. Sir, I very much concur with the Report of the Indian Fiscal Commission, when they say that, whenever Imperial Preference in respect of a commodity is to be adopted as a policy by the Indians, it must be in the nature of a voluntary gift. I quite agree with that. Now, Sir, we cannot but deplore that the Finance Member should have perpetrated a piece of political unwisdom in referring to this matter in the spirit in which he has done it. After all, what does he say? He says that the English people, the Parliament and the Cabinet will be better inclined to consider our claims to Dominion Status in a better mood if we accept this Imperial Preference. Boiled down, it comes to this, that Parliament which, according to the present Government of India Act, is the sole judge of our capacity, will judge us by the things we can offer to them. I do not think that as judges of the capacity of Indians for further reforms, Parliament will take into consideration our inclination or our willingness to pay a certain kind of bribe to them. I call it a bribe and it is nothing but a bribe.

Mr. President: I think the Honourable Member must now conclude.

Pandit Thakur Das Bhargava: Sir, my friend Mr. Agnihotri yesterday submitted before you that, in relation to this Bill, some offences were being committed. He called one of them abatement of illegal gratification. Now, Sir, if you find a proper word in the Indian Penal Code for an action like this, I have no hesitation as a lawyer in calling this Imperial extortion. It is nothing but extortion. You want to extort Imperial Preference from us. All the elements of extortion are there, and if a part of this House goes with you into the lobby, Government must clearly understand that they are not free agents in the sense in which this word is used in the Report of the Indian Fiscal Commission.

Sir, I was submitting before you the point of view of the consumer when I was drawn aside from the thread of the argument. With your permission I will just conclude that aspect of the case. I was submitting that, so far as the middle classes and the average class people are concerned, they will be the persons who will be hit, if you consider that those persons usually use cloth manufactured out of finer counts. In regard to them, I do not know since when Government have developed a soft corner in their hearts for them. If it is the poor people who use cloth manufactured out of the finer counts, may I humbly inquire if the absence of competition will not put them in a worse position? In this connection, I should like to quote again from the Report of the Indian Fiscal Commission. They have said, on page 106, while quoting from the Reciprocity and Commercial Treaties prepared by the United States Tariff Commission in 1918:

"Where a reduction of duty affects only a fraction of the imports of a particular article, and the major portion of the imports of that article is still left subject to the main or non-concessional duty, the result is not only a loss of revenue to the Treasury, because of the lower rates of duty but absence of any gain to consumers. The reduction of duty redounds only to the advantage of the foreign producer."

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Then, again, on page 107 they say:

"The effect of this bonus is to stimulate the trade of the manufacturers of the country receiving the preference, and in a short time they may secure for themselves the whole market, driving out altogether the non-preferred manufacturers."

Then, again, on page 109 they say:

"It is clear that if a single rate of duty is imposed, the States will secure as revenue the whole amount paid by the consumer. But if two rates are imposed and the consumer pays a price based on the higher of these two rates, the State does not secure as revenue the full amount taken from the pocket of the consumer. The tax therefore to this extent is not sound economically, and this unsound economic effect may be represented by saying that the Government loses revenue—not possibly actual revenue, but relative to the amount which it should receive in virtue of the burden which it is placing on the consumer."

In the end, I will submit that this talk about the consumer is as great a sham as fiscal autonomy and the position, shorn of its accoutrements, amounts to this, as has been just said by Pandit Krishna Kant Malaviya, that the Government of the day do not care for public opinion. They usually eat the very words and the principles which they profess to take their stand upon. And, Sir, if this Bill is passed by Government with their own votes, the entire responsibility for this will be Government's. I do not deny that the Finance Member may have been inspired by the best of motives in proposing this measure and saying to the House that, in the wider interests of India, the House should accept it. It may be justifiable, according to his own standards of morality, to say so, but I will submit, on behalf of the non-officials in India, that we do not regard it as a question of bargain. If we want Home Rule or Dominion Status, we want it as our own birthright. In the end if any untoward circumstances ensue, if instead of making the atmosphere better and more amiable, the result of this Bill is a worse atmosphere, the blame shall be Government's and they will not be able to say that the non-officials in this House did not sound a note of warning. This is not in the nature of a threat, but this is a fact of which Government should take account; and I would, in these circumstances, without submitting anything further, submit to Government that it is high time that Government should make a move in bringing about a sort of freedom to the votes of this House, by taking out this question of Imperial Preference from this Bill and regarding the Bill only as a protective measure.

Mr. W. A. Gosgrave (Assam: Nominated Official): Sir, I move that the question be now put.

Mr. President: I suppose no other Honourable Member wants to speak? Therefore I shall call upon the Honourable the Commerce Member to reply. Perhaps it will be more convenient if the Honourable the Commerce Member begins after recess?

The Honourable Sir George Rainy (Member for Commerce and Railways): With your permission, Sir, I should like to begin after lunch.

The Assembly then adjourned for Lunch till Ten Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Ten Minutes to Three of the Clock, Mr. President in the Chair.

The Honourable Sir George Rainy: Mr. President, the discussion of this Bill has been in progress now for some four and a half days, and every aspect of it has been exhaustively explored by a number of speakers from every quarter of the House. It is obvious, that, if I were to attempt to reply to the debate on anything like the same scale, I might very easily exhaust your patience and my own strength. I do not think, however, that it will be necessary that I should do so, because, as regards a large number of points, the speakers have answered each other, and when that is the case, it is hardly necessary for me, at this stage, to speak on these points at length. Let me, however, at the outset, attempt to reply briefly to the arguments of those who contend that no case for protection has been made out, and that, for that reason, the House ought to reject the Bill. The principal advocate of that view was my Honourable friend, Diwan Chaman Lall, and as has been said by previous speakers, in this matter, his course has been perfectly consistent, for he has always refused to support measures of protection for the industries of India, and expressed his intention not to support such measures, until they become in his sense national industries, because they have been nationalised. Into that region I will not enter; but one of the reasons which he gave against protection for the cotton mill industry was that the Bombay millowners were an undeserving set of people, and that he was not prepared to impose a burden on the consumer for their benefit. I think Government have already made it plain, Mr. President, that when they said the need for action was urgent, and that if immediate steps were not taken, the consequences might be very grave. They have had in view something bigger, more important, than the benefit of the industry in the narrow sense of the protection of the capital invested in it by the shareholders. That capital investment is of course an important question. But there is a very great deal more in it than that. Diwan Chaman Lal speaks always as the advocate of labour, but he will have to consider what the position of labour would be if a large number of mills in Bombay Island were compelled to shut down. We must also remember to what a large extent, as things are at present, the economic welfare of Bombay City and of a large part of the Presidency is dependent upon the cotton mill industry. Anything like a collapse in the industry must be attended by serious distress for a very large number of people, the bulk of whom are not directly, though they are indirectly, dependent on the industry. I think the House must look at it from that point of view.

Now what are the sins which my Honourable friend, Diwan Chaman Lall, attributed to the millowners of Bombay? One of them was that, during the boom period, there was a great deal of profiteering and that the prices to the consumer soared to unprecedented heights. When you have an industry, under the control of a large corporation, it is in a position to come to its own decisions and can to a large extent regulate prices, but when you have an industry consisting of a very large number of small units each acting independently and there comes a time when there is a shortage of supplies, then what is usually called profiteering is almost inevitable, because every man feels that, if he does not raise his price, someone else will, and therefore, a condition of affairs arises which is very detrimental to the consumer but for which we are not entitled to say that any one in particular is to blame or is an undeserving person. Again it is said that Bombay millowners have not taken sufficient steps to bring themselves up-to-date and—I will not use a certain phrase, Mr. President, not only

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from the fear of giving pain in a certain quarter but because within the walls of this Chamber it is your prerogative to put the House in order and even my friend, Mr. Mody, cannot infringe that—but Government have never concealed their conviction that the future prosperity, nay even the future existence of the industry in Bombay Island is dependent on the carrying out of re-organisation on a drastic scale by the Bombay mills. It is in the belief, and it is in the hope that the industry will find it possible to effect such a reorganisation, that Government have put forward their Bill. I think my Honourable friend, Mr. Mody, in the past, from time to time, has felt that, if any admission were made that there were defects to be remedied and things to be put right, it might be construed as an admission that the case for protection was not very strong. Government do not look at it in that way, Mr. President. In their view, the need for reorganisation does exist; but it is because they believe that reorganisation is not only necessary but possible, that they are asking the House to take measures to provide a temporary shelter behind which that reorganisation may take place.

Now, another argument which has been used in the course of the debate against protection is that the cost of production in Bombay is too high and that ultimately Bombay will be unable to hold its own in competition with mills in other parts of India where wages are lower, which are nearer the supply of raw cotton and which are also nearer their markets. Clearly the future—and only the future—can tell us what the right view about that is. But I think we have to remember that for certain kinds of production, Bombay has advantages, and that, owing to the large scale on which the industry is established there, the opportunity for rationalisation exists to an extent to which it can hardly exist in the smaller centres. What I mean is this, that it may be possible in Bombay, to a far larger extent than elsewhere, for particular mil's to specialise in the production of particular kinds of cloth and thereby effect a reduction in costs which might more than offset the advantages enjoyed by mills at other centres. That at any rate is the belief of Government, and, as I have already said, it is their hope that measures to bring about results of that kind will be taken.

A third argument advanced by my Honourable friend Diwan Chaman Lall was this, that the burden on the consumer would be altogether too heavy, and that he ought not to be called upon to bear it. Now, Mr. President, I hope the time will never come when that argument will not be freely advanced in this Assembly. (Hear hear.) Honourable Members opposite have expressed the view that, when we on the Government Benches urge the interests of the consumer, we are not to be believed. For that reason it is all the more important that, on the unofficial Benches, there should be those who are not open to any suspicion. Rightly or wrongly, to this extent Government go with them. Quite clearly we cannot go the whole extent, because the policy of discriminating protection clearly implies that there must be some burden on the consumer and that, in spite of that burden, the results achieved are likely to be to the national advantage. But we go with them to this extent, that we feel that, in every proposal for protection which is put forward, a real effort should be made to ensure that the benefit which the manufacturer receives should be commensurate with the burden imposed. In an imperfect

world, it may not be possible to secure that result completely, but at any rate the attempt ought to be made, and for that reason it is important, as I have said, that there should always be those in this House who take that point of view and who represent the interests of the consumer.

That completes, Mr. President, what I need say in reply to those who advocate the rejection of the Bill on the ground that no protection is needed, or at any rate, whether needed or not, is not justified. Other speakers have dealt in more detail than I can attempt to do with the minor aspects of that part of the case, and I should like to turn now, Mr. President, to what was said by my Honourable friend, Mr. Birla, in his criticism of the scheme embodied in the Bill, namely, that the protection proposed to be given was not adequate. He pointed out how the capacity for production of the Indian mills had increased in recent years, and he expressed the view that, if Indian mills were to be able to sell freely, without undue competition with each other, it would be necessary to reduce the imports by something like 900 million yards. I have examined the figures, and I am unable to go the whole extent with my Honourable friend. I think, on the one hand, he has to some extent over-rated the productive capacity of the Indian mills when he puts their potential output at 2,700 million yards, while, on the other hand, I think he altogether underrates the reduction in imports which is likely to result from the adoption of the Bill. The record output of the Indian mills in the year 1927-28 was, I think, between 2,300 million and 2,400 million yards and it is possible that, by this time, we ought to put their capacity as high as 2,500 million yards. But, however that may be, I should like to draw attention to one particular point, and it is this. If Bombay sets to work to re-organise, it is inevitable that for certain months, particular mills will be shut down to enable re-equipment to take place, the old machinery to be removed and new machinery to be installed. Therefore during the period of re-organisation, the output of the Bombay mills will be somewhat below the full output of which they might be capable. I think that is a point worth remembering. As to the reduction in the imports likely to result from the Government Bill, I have no doubt myself that that reduction will be substantial. Any one who has watched closely the trend of the figures of imports of cotton goods during the last five or six years must have been struck by the fact that, while quantities have varied, values have remained almost the same, with the result that the 11 per cent. duty brought in almost the same amount every year. That must mean that the public capacity to absorb piece-goods is very sensitive to price, and if the price rises, then we may expect to see, as a result of the higher duty, a substantial reduction in the imports from abroad.

Mr. M. S. Aney: May I ask the Honourable Member one question? Did the Honourable the Finance Member take into consideration the possible reduction in the imports in assessing the amount of duty which he anticipates to recover during the next year?

The Honourable Sir George Rainy: I am suggesting, Sir, that the increase in the duty from 11 to 15 per cent., plus the additional measures proposed in this Bill, must in the ordinary course of events result in a very substantial reduction in imports. Personally, I have no doubt of that myself at all. I am unable therefore to agree with my Honourable friend, Mr. Birla, that the scheme embodied in the Bill ought to be regarded as

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inadequate in the sense that it will not give the mill industry the protection that it needs, and all that I have been able to read of the reception of the Government proposals in Bombay, not as regards their form, but as regards their probable results, leads me to think that, on the whole, the mill industry, while it does not agree that it has received all that it asks for or all that it ought to get, does not regard these proposals as inadequate in the sense that they will be ineffective, and I think my Honourable friend, Mr. Jinnah, was perhaps a little unfair when he referred to a metaphor used by Sir Victor Sassoon in a debate in 1927 about giving a broken crutch to a man who wanted a motor ambulance. Sir Victor Sassoon was speaking of a Government measure which imposed a specific duty upon yarn, but made no change as regards cotton piece-goods, and I quite understand that in those circumstances he should say he was being offered something different and something very much inferior to what he had asked for. But surely it cannot be seriously urged today that, as regards this measure, we are not giving assistance of the kind which the industry has asked for.

One of the charges which has been brought against Government is this, that throughout we have been actuated, above all things, by a desire to benefit Lancashire. I am not too careful to defend myself against that charge. I do not believe even those who have expressed great doubt as to my motives think in their heart of hearts that I am such a Machiavellian person as they sometimes represent me to be; at least I should have very great difficulty in living up to the fanciful picture they have formed in their minds about me if they really entertain this view. But when they make that accusation, I think they completely under-rate the extent to which the increase all round to 15 per cent. must effect a reduction in the imports from abroad, and quite as much from the United Kingdom as from elsewhere. Clearly what may happen in the future must be a matter of opinion, and no one is bound to accept mine, but I have not the least doubt myself that what Lancashire will lose owing to the increase of duty to 15 per cent. is a great deal more than anything it can gain by the increase in the duty to 20 per cent. on goods from other countries. If what the Government of India had in their mind was to benefit Lancashire, surely they have taken the most unusual, remarkable and eccentric way of doing it. Attribute to us, if you like, the most subtle and Machiavellian motives, but it is a little hard if that accusation puts us in a position in which while we may be very Machiavellian, we must also be singularly stupid.

Let me turn for a moment to an aspect of the case which has been very frequently referred to by previous speakers, I mean the question whether this is Imperial Preference or not. Now, there again I did not find amongst other speakers complete unanimity as to what Imperial Preference meant and what it ought to mean, but I think I must say something on that subject in order to explain what the view of the Government of India is. When they say that they are not asking the House to accept Imperial Preference as a principle, they are undoubtedly asking the House to approve in this particular case the imposition of duties which will give preference to British goods. That is written quite plainly on the face of the Bill itself. But at the same time we say that we do not ask the House

to accept Imperial Preference as a principle. Now, what do we mean by that? What we mean is this. If India were to accept Imperial Preference as a principle, then I suppose it would involve the establishment of at least a two-decker tariff, with lower rates for Empire goods and higher rates for goods from elsewhere, and that would be done as evidence of India's consciousness of the benefit she derives from membership of the Empire. We are not asking India to do that. We are proceeding on different lines in this matter altogether. My Honourable friend, Sir George Schuster, speaking on the first day of the debate, made it clear, I think, to those who heard him, what the genesis was of the Government of India proposals and what he said I desire to endorse. My feeling was that, unless the 15 per cent. duty could be reinforced by something more from the minimum 3½ annas duty on plain grey goods, the proposals would be incomplete and would not fully meet the necessities of the case. Also I felt strongly, as the Government did, that an increase all round in the duty to 20 per cent. meant a burden on the consumer altogether incommensurate with the advantage to the manufacturer, and that, if that objection was given the weight which it deserved, then on those lines we could not proceed. And finally it came to this, there was one way and one way only in our view by which we could do justice alike to the needs of the producer and the needs of the consumer. If in this case we could discriminate between imports from the United Kingdom and imports from other countries, the thing could be done, and we did not and do not see any other way in which it can be done adequately. Nobody doubts of course—it is indeed obvious—that at the same time the proposal will be advantageous to the manufacturer in the United Kingdom in the sense that his position is not so bad as it would be if the duties were left at 15 per cent. But I do most strongly contend that his position will be decidedly worse than if the duties were left at 11 per cent. as they were up to the 1st of March, and therefore it is for that reason I cannot accept the charge as just, that what we are doing is giving protection for Lancashire and not for India. The benefit to Lancashire is incidental, while the benefit to India is fundamental in this Bill.

Much has been said, Mr. President, during the course of the debate on the subject of the fiscal autonomy convention, and it is right that I should attempt to explain clearly what exactly the convention is and how it operates . . .

Mr. President: Who is to interpret the convention?

The Honourable Sir George Rainy: Mr. President, all I can do in this House is to explain the view which the Government of India take of it and leave it at that. Now, the *locus classicus* report on the subject will be found in the Report of the Joint Select Committee of both Houses which says, and I make no apology for quoting what is said there:

“This examination of the general proposition leads inevitably to the consideration of one special case, of non-intervention. Nothing is more likely to endanger the good relations between India and Great Britain than a belief that India's fiscal policy is dictated from Whitehall in the interests of the trade of Great Britain. That such a belief exists at the moment there can be no doubt, but that there ought to be no room for it in the future is equally clear. India's position in the Imperial Conference opens the door to negotiation between India and the rest of the Empire, but negotiation without power to legislate is likely to remain ineffective. A satisfactory solution of the question can only be guaranteed by the grant of liberty to the Government of India to devise those tariff arrangements which seem best fitted to India's needs as an integral

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portion of the British Empire. It cannot be guaranteed by statute without limiting the ultimate power of Parliament to control the administration of India and without limiting the power of veto which rests in the Crown. Neither of these limitations finds a place in any of the statutes in the British Empire. It can only therefore be shared by an acknowledgment of a convention. Whatever be the right fiscal policy for India, for the needs of her consumers as well as for her manufacturers it is quite clear that she should have the same liberty to consider her interests as Great Britain, Australia, New Zealand, Canada and South Africa. In the opinion of the Committee therefore the Secretary of State should as far as possible avoid interference on this subject when the Government of India and its Legislature are in agreement and they think that his intervention, when it does take place, should be limited to safeguarding the international obligations of the Empire or any fiscal arrangements within the Empire to which His Majesty's Government is a party."

There are two passages to which I would invite the special attention of the House. The first is this:

"The grant of liberty to the Government of India to devise those tariff arrangements which seem best fitted to India's needs as an integral portion of the British Empire."

Now, those who composed the Joint Select Committee had very clear ideas of what they were discussing. Every one of them must have been familiar with that feature of Parliamentary practice and procedure by which no new taxation, and no increase of taxation, can be proposed to Parliament except by a Minister of the Crown. The initiative in such matters in the United Kingdom lies with the Crown, and I think it follows that in India the initiative must rest with the Government of India. It is the special function of Government to "devise arrangements" and to place them before the Legislature.

The second passage is:

"The Secretary of State should as far as possible avoid interference in this subject when the Government of India and the Legislature are in agreement."

Here the point I desire to bring out is that the Joint Select Committee does not attempt to define the functions of the Government of India and the Legislature; it assumes them. The Committee are concerned with one point and with one point only, namely, the circumstances in which the Secretary of State should refuse to exercise his ordinary power of superintendence, direction and control. These circumstances exist when the Government of India and the Legislature are in agreement and beyond that the Committee does not pursue its investigations. The Government of India and the Legislature will discharge their respective functions in accordance with the constitutional practice adopted in all constitutions framed on the British model. The function of the Government is to submit proposals to the Legislature and it is the function of the Legislature to pronounce upon them. Difficulties of various kinds have, however, been raised and with these I must try to deal.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhamadan): May I interrupt the Honourable the Commerce Member. He has omitted the crucial sentence in the whole of the paragraph that he has read. That passage is:

"Whatever be the right fiscal policy for India, for the needs of her consumers as well as for her manufacturers, it is quite clear that she should have the same liberty to consider her interests as Great Britain, Australia, New Zealand, Canada and South Africa."

The Honourable Sir George Rainy: I read that passage, Mr. President. Perhaps the Honourable Member did not hear me.

Sir Hari Singh Gour: I did, but I point out that this is the crucial sentence which calls for an explanation.

Mr. President: The Honourable Member does not give way.

The Honourable Sir George Rainy: The Honourable Member, I think, wishes to make my speech for me.

Difficulties of various kinds have however been raised and with these I must deal. One may be stated as follows. The fiscal autonomy convention, thus interpreted, confers upon the Government of India a degree of independence, irresponsibility, autocracy, if you will, that can never have been intended. They have ceased, it may be said, to be responsible to the Secretary of State and they are not responsible in the ordinary sense to the Indian Legislature. To whom then are they responsible? That is a straight question, Mr. President, and I shall try to give a straight answer. The fiscal autonomy convention means this, that, while there is always previous consultation with the Secretary of State, the final decision as to the proposals to be placed before the Legislature rests with the Government of India and with no one else. In this respect, apart from the previous consultation with the Secretary of State, the position of the Government of India is that of a Dominion Government which decides for itself what proposals it will place before the Legislature. To that extent the Government of India are independent, but for how long does this position of independence continue? For exactly the same period as it continues in a Dominion, namely, until the Legislature pronounces upon the proposals placed before it. As soon as the Legislature arrives at a decision, one of two things happens. Either the Government of India and the Legislature are in agreement, and in that case everything proceeds as in a Dominion and no outside interference can affect the decision. But when the Government of India and the Legislature fail to agree, there is a difference. In a Dominion if the question is of real importance, the difference results in a change of Government which restores harmony. In India, under the present constitution, no such result can follow. The actual effect is that the convention ceases to operate and the Government of India come once more under the control of the Secretary of State, for as soon as the Government of India and the Legislature are not in agreement, the convention is at an end. And if the question be asked, in what sense does the Government of India come again under the control of the Secretary of State, I would say this, that clearly the Members of the Government of India are responsible to the Secretary of State for establishing harmonious relations with the Legislature in this region, so far as it is in their power to bring about that result. That is one of the duties of our position.

Now, on this point, Mr. President, I should like to refer to what was said by the Right Honourable the Secretary of State in the House of Commons. The three sentences I shall quote are as follows:

"Nor would any Secretary of State attempt to lay a finger upon this principle of tariff autonomy which has been established in practice for ten years in Indian affairs. There is Dominion Status in action; there is a Dominion attribute. It has now become part and parcel of the rights of India."

Now, it will be clear from the actual words I have quoted, that the Secretary of State is not referring to any new convention or any new

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interpretation, for he spoke of something which had been in existence and in practice for ten years. What has been the uniform practice throughout these years in respect of the tariff? The Government of India have framed their proposals and have placed them before the Legislature and the Legislature has passed judgment. Where there has been agreement, the Secretary of State has consistently refrained from interference, either at the preliminary stage when the Government of India decided what their proposals were to be, or at the final stage after the approval of the Legislature had been secured. But if the Government of India and the Legislature are not in agreement, what then? Is there no means of resolving the dead lock? None, I fear, under the present constitution, save the influence of time and persuasion which may induce one side or the other to modify its attitude. For, while in the sphere of tariffs, India already possesses Dominion Status; she does not as yet possess a Dominion constitution. But if the differences between the Government and the Legislature remain unadjusted, ought not Government, many will ask, to give way and accept the opinion of the Assembly as decisive? I realise how naturally that view must appeal to those who sit opposite, but it is one which Government cannot accept. Duties and responsibilities are placed upon us by law, and we cannot divest ourselves of these even if we would. A suggestion of this kind would mean that, whatever changes in the tariff commended themselves to a majority of this House, or, perhaps some of my friends opposite would say, to a majority of the non-official Members of this House, or to a majority of the elected Members, should be brought into force whatever view Government might take. That would mean nothing else than the abnegation of their functions by Government in a very large part of the financial sphere. The message of the Cabinet has made it clear that the convention applies not only to duties imposed for protective purposes, but also to those imposed for revenue purposes, and from the constitutional point of view, that would be an intolerable position. In a sound constitution, each organ must discharge its appropriate functions, and the function of one cannot, without grave disorganisation, be transferred to another.

What we are all looking forward to in the near future, Mr. President, is a step forward in the path of India's constitutional advancement. If the Conference in London should result, as it might, in placing the control of the tariff in the hands of those who, in one form or another, were responsible to the Legislature, then it would rest with the Member or the Minister to put forward his proposals, and for the Legislature to accept them, to modify them or to reject them. The Minister might or might not accept the changes made by the Legislature. But, if he did, he would become fully responsible for them and could not subsequently plead that the vote of the Legislature relieved him from his responsibility. If he did not, his resignation would follow in the ordinary course, and a Minister would take office who would carry out the Legislature's decision. The point I wish to emphasise is this, that in no constitution framed on the British model, so far as I know, can the full control of tariffs and taxation pass to the Legislature, unless and until the power of removing the Government or part of it is transferred to it. But when that happens, the Executive Government have still their appropriate functions to discharge, for when important changes are in question, it is only the Government who have the requisite information and can discharge fully the responsibility for safeguarding all the interests concerned.

I have tried, Mr. President, to put clearly the view of the Government of India as to the interpretation to be placed upon the fiscal autonomy convention. Let me pass on to what has been said on the lines that the fiscal autonomy convention is a sham. Now, is that seriously urged? How could the policy of protection have been adopted at all in India without that convention? Where would the steel industry in India have been today but for the fiscal convention? And, as regards cotton, are memories indeed so short? Some speakers have referred to what took place in 1894 or 1895, when the cotton duties in India very nearly led to the downfall of the Liberal Government in England, but have Members also forgotten that, as late as 1917, when the customs duty on cotton piece-goods was raised from $3\frac{1}{2}$ to $7\frac{1}{2}$ per cent., it seemed not unlikely for two or three days that that change would bring down the Coalition Government in England, then in the very plenitude of its power. And, apart from the fiscal convention, how could the duty have been raised to 11 per cent. in 1921, or the excise duty removed in 1926, or, indeed, the duty raised to 15 per cent., as has been done in the current year? The answer is, because the Government of India and the Legislature were in agreement and the convention once having been fully and frankly accepted by His Majesty's Government in England, we have no reason now to apprehend interference from that quarter. (Applause from Official Benches.) But the indispensable element which must be present in order that the convention may operate, is that the Government of India and the Legislature should be in real agreement: and if it were proposed that the Government of India's agreement must be assumed whenever a majority of the Assembly took a particular view, that would be an interpretation of the convention entirely novel and something quite different from anything that has existed since 1921.

Mr. President, I am afraid I have delayed the House a great deal longer than I intended when I began to speak, and it is time that I should bring my speech to an end. All I would wish to say in conclusion are two things. Firstly, that there have been a good many suggestions from the other side of the House by some speakers that the motives which have influenced the Government have not always been the best of motives, that they can hardly believe that matters really are as we declare them to be, and that, altogether the circumstances are too suspicious. Now, I make no personal complaint about that and indeed why should I? No one has ever been treated better by every Member of this House than myself and I do not regard it as a personal matter at all. What I do feel is this that, if this attitude of suspicion is too freely indulged in, Honourable Members will find that they are clouding their own judgment and making it impossible for themselves to arrive at a correct appreciation of the position.

The second thing I have to say is this. Much has been said of the past history of the cotton industry in India, and of the injury which it has suffered at the hands of Great Britain. I am not going to enter into these controversies, but I would remind the House that the situation with which they have to deal is not the situation of 1780, of 1813, of 1840, of 1882, of 1885, or even of 1917—not any of these situations—but they have to deal with the situation that exists in 1930. What is that situation? The very existence of the industry in the Bombay island is endangered by competition from abroad, by competition from one particular country. Now in 1927, when this question came up before, the whole subject got clouded and became more difficult by allegations of unfair competition due to the hours of work by night of women in the Japanese mills. But I have already explained in an earlier speech that that has been cleared out of the way.

[Sir George Rainy.]

What we are up against is an intensity of competition which may be asserted in certain ways, but which is due in the main to sheer efficiency, and it is for that reason that reorganisation of the Indian industry becomes all-important, just as reorganisation will have to take place in Lancashire if Lancashire is to hold its own, because a definite advance forward has been made in Japan, that great country which is at present showing an example to all the world. What we desire to see is that the Indian industry should take advantage of the opportunity given to it and should eventually be able to hold its own, even with the Japanese competition, without the need for any adventitious assistance. (Applause.)

Mr. President: The question is:

"That the Bill further to amend the Indian Tariff Act . . ."

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): Sir, I rise to a point of order. The question involved in this Bill is fiscal autonomy for India. I have heard the Honourable Member for Commerce explaining the convention of that fiscal autonomy to us in which the issue comes out clearly to the effect that the Government of India will either agree or not agree with the decision of the Legislature. I don't think the interpretation of the Honourable the Commerce Member to be correct. But assuming that it is correct, it follows that on questions involving fiscal policy like the one in this Bill, the Government of India and this Legislative Assembly are two distinct entities. The issue is whether the Government agree with the vote of the House or not. What should be considered to be the vote of the House in this question? Now the Government command forty votes in this House . . .

Mr. President: This is not the stage.

The question is:

"That the Bill further to amend the Indian Tariff Act, 1894, and to amend the Indian Tariff (Cotton Yarn Amendment) Act, 1927, be taken into consideration."

(Mr. President having put the motion declared that the "Ayes" had it.)

Several Honourable Members: The "Noes" have it.

Mr. President: I would ask Honourable Members not to press for a division now. There are other stages when Honourable Members will have ample opportunities for dividing the House. The "Ayes" have it.

The motion was adopted.

Mr. President: The question is:

"That clause 2 stand part of the Bill."

Rai Bahadur S. C. Dutta (Surma Valley *cum* Shillong: Non-Muhammadan): Sir, I beg to move:

"That clause 2 be omitted."

Sir, we have just come to a close of a very interesting debate and I put it to the House, that though a case has been made out for further inquiry as to the necessity of protection in the cotton industry beyond what has been granted by the Finance Bill recently passed, no case has been

made out for immediately granting protection by raising the duty to 20 per cent. in respect of cotton piece-goods not of British manufacture. Sir, what is the position? We have heard much about the distressing condition of the cotton industry in Bombay. But what are the facts? First of all the industry in Bombay is in a very bad condition, the worst condition possible. The second point made out is that Bombay is not Ahmedabad. The third point made out is that the dividends of industries in Ahmedabad and other places have come down, though they are not losers. Then there are the other mills in the Central Provinces; they have also suffered some loss. Then there are seven mills in Bengal, and as between them, they have also suffered some loss. But what the loss is due to has not been made out. In what respect and in what proportion have these seven mills suffered loss and what are the causes thereof? But, of course, the less we say of Bengal, the better. What is the position then? We also learn that there is severe competition between Bombay and Ahmedabad. Of course no one would propose that we should protect Bombay against Ahmedabad. Well, then the position comes to this, although the position of the industry in other places might be depressing to some extent, it is not so depressing as in Bombay, and if those industries in other places wanted any degree of protection, the Finance Bill, by raising the duty to 15 per cent., would give sufficient protection to those industries. So that, with the duty raised to 15 per cent. by the Finance Bill, the Bombay industry would be perhaps struggling to maintain its position, and the other concerns in other places of India would prosper. They would not only be able to maintain their position, but they would be in a position to extend their business. Then what would be the effect of the further protection proposed?

Mr. President: What is the Honourable Member doing? He is moving for the deletion of clause 2, which would have the effect, I understand, of doing away with the whole Bill. Is that so?

The Honourable Sir George Rainy: No, Sir. The provision about cotton yarn in clause 3 would still remain, but so far as cotton piece-goods are concerned, the whole Bill would go.

Rai Bahadur S. C. Dutta: That is what I mean.

Sir Cowasji Jehangir: Sir, I rise on a point of order. This is a negative amendment and the Honourable Member will have a right to speak at the close and vote. The effect of the amendment is negative.

Rai Bahadur S. C. Dutta: If the further protection given be really protective, then the position of Bombay cannot be much better according to the accounts given, because, in that case also, competition with Ahmedabad and other mills in India will remain. So that, while Bombay will simply struggle or just maintain its position, these other industries, which are in a better position as regards labour and other conditions, will expand at the expense of Bombay. So that no positive case is made out for giving further protection than is given by the Finance Bill which has become law. Besides we are not sure what the result will be and the future can only say that. If that is so, Government want to take a leap in the dark. Then we are not sure and we

[Rai Bahadur S. C. Dutta.]

have had no arguments to show that the prices of British goods will not increase, and that there will be no competition on account of the removal of Japanese competition between Indian goods and the British goods. So that, whatever protective merit there is in the proposals of Government, that is already secured by the Finance Bill which raises the duty to 15 per cent; and it is not expected that there will be any further appreciable benefit to the cotton industry by this other proposal of differential treatment. Sir, I yield to none in my desire to make this country self-sufficient in the matter of production of cotton piece-goods, and I am not one of those who would confine this preference to *khaddar* or handloom products only, but would equally extend our protection to mill produce, if a case is made out for protection. What I contend is that a case has not been made out that Bombay will be in a position to profit by the passing of this Bill, because there has been no inquiry, and the various considerations that have been urged in this House have not been considered by any competent committee or board, after recording of evidence. So what I submit is that there should be a further inquiry before such a debatable measure is adopted. I should make it clear here that I am not entering into those irrelevant matters as to the competence or otherwise of the management of the Bombay industries. What I insist upon is that the position should be made clear by evidence in what manner the Bombay industry is going to be improved.

There was a discussion raised by Diwan Chaman Lall who said that the Bombay industry was not national. I do not base my objection on that ground, but the discussion raised by him has made this point clear, that where it is necessary to give national protection, there should be national control. It is not necessary that there should be any distinction made as to whence the capital comes, who are the persons to whom the capital belongs, and what class of labour is employed. Let us take it that it is an industry of national importance, because it is an industry that is carried on in this country by people who are resident in this country. So that, whether we take it that large Indian capital is employed, or Indian labour is employed, or the management is in Indian hands, that may be looked at from one point of view, that it is an industry in national hands. And it is also an industry of national importance because it is concerned with the production of necessities of life, which are used by all classes of people. So long as Government followed the policy of let alone, neither helping nor discouraging the people who are running this industry, the capitalists and labourers were entitled to manage it in their own way, without any interference on the part of Government. But once it is admitted that it is a national industry, and an industry of national importance that affects the vital concerns of the people as a whole, and that State protection is necessary for its existence, it behoves Government to see how it is conducted. I hope,

4 P.M. Sir, if the policy of protection is to be permanently established in this country, this House also will take into consideration this fact, that there should not be any national protection without national control and that this House will advise an efficient method of control. It will not do simply to raise the duty in the hope that the industry, left to

itself, will somehow manage to profit by it. It may or it may not. Why should not the Government propose, in that instance, whether the capitalists want protection or not, if it is thought that the industry is of national importance, to take it into its hands and regularise it? I am not going to suggest that it should be nationalised now. The country may not be ripe now for it. That may not be the best policy now. But why should there not be some control, some regulation, as to the amount of reserve capital, maximum dividends, the amount of bonus and other things, in the same way as the Government controls the co-operative organisations? That is also for the benefit of the country, because it is a matter of national importance.

Then, Sir, it may be asked, what is the alternative to my proposal? I am asking the House to omit this clause altogether relating to the imposition of protective duty. Now, there are two proposals. There is first of all the proposal of Pandit Madan Mohan Malaviya. The only difference is that he wants 15 per cent. or 3½ annas per pound, whichever is higher. I think that would be best if it might be acceptable to all, acceptable to the Bombay millowners and also to the Government. I do not know whether the Government will accept it or not. But I take it, from the attitude of the representatives of the Bombay millowners here, that it will not be acceptable to them because they want a duty of 20 per cent. In that case, if the proposal of the Honourable Pandit be accepted, they will be left to further inquiry after two years, and the further protection that they want might be delayed. What I propose is that this question of protection be dropped altogether now and there should be an immediate inquiry by the Tariff Board, so that the proposal may come up next year.

Mr. President: The Honourable Member is really flogging the dead horse. He knows the principle of protection is accepted by this House. I allowed him some indulgence; but he must conclude his remarks.

Rai Bahadur S. C. Dutta: In that view I will not say anything more. I move my amendment.

Sir Hari Singh Gour: I have one or two observations to make with reference to what has fallen from the Honourable the Commerce Member.

Mr. President: Order, order. Let this be disposed of.

Sir Hari Singh Gour: It is in connection with clause 2 of the Bill.

Mr. President: The principle of protection has been accepted by the House and I think we had better proceed further, and when the two main amendments come, I will give the Honourable Member the fullest latitude.

The question is:

"That clause 2 be omitted."

The motion was negatived.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, with your permission, I would like to move my amendment in the form in which it appears on the typed paper. Sir, I move:

"In sub-clause (1) of clause 2, for the proposed Item No. 156-A, the following be substituted:

'156-A. Cotton piece-goods (other than tents of not more than nine yards in length)—

(a) plain grey, that is, not bleached or dyed in the piece, if imported in pieces which either are without woven headings or contain any length of more than nine yards which is not divided by transverse woven headings;

(i) of British manufacture . . . *Ad valorem* 15 per cent. or 3½ annas per pound, whichever is higher.

(ii) not of British manufacture . . . *Ad valorem* 20 per cent. or 3½ annas per pound, whichever is higher.

(b) Others—

(i) of British manufacture . . . *Ad valorem* 15 per cent.

(ii) not of British manufacture . . . *Ad valorem* 20 per cent."

In moving this amendment, I do not intend to make any lengthy speech. I propose merely to point out the main significance of my amendment. I have not in my amendment taken away the differential system of duty which has been proposed in the Bill as introduced. What I have tried to do in my amendment is to abolish that differentiation in one particular class of goods and that is, plain grey goods. My reason for taking away that differentiation in the case of plain grey goods is this. If it can be proved that any imported cloth, from whatever country it might come, competes with Indian mill products of a similar class, then there is no justification to give a preferential treatment to that class of goods coming from any country. In the case of plain grey goods, it has been admitted by Government in the note circulated to Honourable Members by the Honourable the Commerce Member, that a part of the plain grey goods, to the extent of about 45 million yards, does come into competition with Indian mill-made plain grey goods. I do not therefore see why this class of goods, coming from the United Kingdom, should be exempted from the operation of the specific duty of 3½ annas per pound. It might be asked, why I have not also included the dhotis, which it is admitted also come into competition with Indian mill-made goods. But it has been pointed out in Mr. Hardy's Report that the administrative difficulties in the way of the application of a specific duty for dhotis are almost insurmountable. I have not therefore attempted to bring the dhotis under this class. As has been pointed out in the note mentioned by me, the Indian mills produce a very great quantity of plain grey goods. About 50 per cent. of the total production of the Bombay mills and about 44 per cent. of the total production of all the mills in India come under this category. It is therefore essential, Sir, considering the magnitude of the Indian production in this class of goods, that every attempt should be made that the duty proposed should be, not merely adequate, but completely effective. My amendment, by bringing in all plain grey goods under the operation of the specific duty of 3½ annas per pound, will give that effective and adequate

protection which the Indian mill industry needs, and that, Sir, is the justification for my moving this amendment. So far as the definition is concerned, a slight alteration has been made in my amendment. The object of that is simply this. Of late a class of dhotis from Japan, with printed headings, have invaded the Indian market, and these compete very severely with Indian mill-made dhotis with woven headings. Now, the Japanese are able to produce these printed heading dhotis on their automatic looms, and therefore it is essential that, if effective protection is to be given to the Indian dhotis, the Japanese dhotis with printed headings must also be brought under the operation of this specific duty of 3½ annas per pound. These are my reasons for moving this amendment. With these words, Sir, I move.

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions: Non-Muhammadian Rural): Sir, I beg to move that:

"In sub-clause (1) of clause 2 . . . "

Mr. President: I should like to explain to the House that the procedure which I propose to follow with regard to these amendments is this. I propose to take Mr. Shanmukham Chetty's and Pandit Madan Mohan Malaviya's amendments together and to allow a general discussion, and at the end of such discussion, to put the two amendments one by one to vote.

Pandit Madan Mohan Malaviya: Sir, I beg to move that:

"In sub-clause (1) of clause 2, for the proposed Item No. 156A, the following be substituted:

' 156A Cotton piece-goods	. <i>Ad valorem</i> 15 per cent. or 3½ annas per pound, whichever is higher.'
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Sir, the object of my amendment is clear from the language used in it. I recognise the necessity for giving protection, adequate protection, to the cotton industry in India, including of course that of Bombay. I recognise that the industry has been hard hit by the financial policy pursued by the Government of India in the past, and that it stands urgently in need of much assistance. Therefore there is no question in the discussion of my amendment of the principle of protection; that principle is involved in it, and I strongly and heartily endorse it. I feel that all questions relating to weak points in the management of any national industry are questions which have to be considered at other times, on other occasions, and to be pursued very intensely until our management of our national industries stands quite on a par in the matter of efficiency with any industry in the world. But at a time when the industry has been hard hit by the evil policy pursued by the Government for years past, it is not right that we should be raising questions as to the weakness or want of efficiency of the management of the industry.

But, Sir, that is only one aspect of the question. My amendment raises the question of the amount of protection which is to be given to the Bombay industry and the cotton industry generally in India. We are at one with the Government of India in desiring to give protection to the cotton industry of Bombay; in fact, if I may be allowed by the Honourable Members opposite, I would claim that we on this side of the House have naturally more real sympathy with both the capital and labour of Bombay and India than the Members on the opposite Benches. I hope they will not think that I am in any way disrespectful to them, but I do

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claim that they all allow that we, Indians, feel at least not less strongly than the Honourable Members opposite the need of offering assistance to the Bombay industry. The only question is what should be the measure of that assistance, and what is the form in which that assistance should be given. I had hoped that, at the end of a very interesting debate, in which many most excellent speeches were delivered—speeches which would compare well with speeches delivered on a similar occasion in any assembly in the world—the Honourable the Commerce Member would attempt to answer the many important points which were raised in it. I listened to his speech with great attention—as I always do because he is among the Civil Service men by far the best speaker we have in our midst today. But, Sir, my Honourable friend very carefully avoided answering the many important points which were taken up by my friend Mr. Ghanshyam Das Birla in his excellent speech. He also failed to give us any reason as to why the Government of India should be so stubborn in their adherence to the proposals which they have laid before the House. He did not explain, Sir, why it was that the conviction dawned upon the Government of India not in the first instance, but after the receipt of the message from His Majesty's Government, that they should raise the duty on non-British manufactured goods to 20 per cent. The Government of India, roused at long last to the consciousness that the Bombay cotton industry and the Indian cotton industry needed and deserved help, framed their proposals with great care, and those proposals were to raise the general import duty from 11 to 15 per cent. and to put a protective duty of $3\frac{1}{2}$ annas per pound on all plain grey goods. Those were the proposals which the Government of India after months of consideration, after taking all the expert advice which they have at their disposal, after comparing the industry in India and in England, came to. These proposals were communicated to His Majesty's Secretary of State. His Majesty's Government considered these proposals and they courteously asked the Government of India to take into account both the reactions of their proposals in India and their serious effects in England. There was no dictation; they drew attention to what they apprehended would be the result of the imposition of the two proposed duties, on the one side on the consumer in India, and on the other on Lancashire; and they asked the Government of India to give full weight to the considerations they had urged. They feared that the proposal of the Government of India for raising the general revenue duty from 11 to 15 per cent. and a protective duty of $3\frac{1}{2}$ annas per pound on all plain grey goods would hit the Lancashire industry hard, and they urged that, at this juncture, the Government of India should think of the grave results which might follow in Lancashire by this proposal being accepted. They objected to the two proposals and they gave their reasons for their objection. The Government of India considered the views of His Majesty's Government very fully; they urged that as regards bleached goods and finer qualities of grey and coloured goods, which Lancashire mainly supplies, an increase from 11 to 15 per cent. could not be represented as a crushing burden on Lancashire; and the protective duty would not affect Lancashire. I cannot understand why the Honourable the Commerce Member has not offered one word of explanation as to why, at that stage, the conviction dawned on the Government that they should propose a 5 per cent. additional protective duty upon non-United Kingdom goods. I still pause for

an answer. Up to the moment of the receipt of that cablegram the Government of India adhered to their original view. Even in their reply to His Majesty's Government they adhered to the view that the proposals which they had put forward were sound. They urged that they must adhere to those proposals. What was it then that gave them the idea that there should be an additional protective duty of 5 per cent. with a minimum of $3\frac{1}{2}$ annas per pound on all plain grey goods, against all cotton goods of non-British manufacture? It has been made clear that His Majesty's Government gave no indication of their desire to have this additional protection. Even in yesterday's telegram it was made clear, though it was not necessary to do so, by the Secretary of State that he did not send any instructions to the Government of India regarding this additional protection, that to quote the words of the cable, "he had never at any time suggested preferential treatment for goods from Britain. The suggestion originated in India". Nothing could be clearer than that. We still wonder therefore why the Government of India should have taken upon themselves, without any suggestion from Lancashire, or London to propose a higher duty than they had deliberately, after months of deliberation, proposed should be adopted.

Our whole quarrel with this proposed additional duty is for two reasons, first that it is a higher duty than, we have been given to understand, the Government of India believed at the time was necessary, secondly because it introduces a question of preference to the goods of the United Kingdom. I have tried to imagine some reason for justifying this course on the part of the Government. I have failed to do so. The Government of India have not helped us with any. Then it comes to this that, while the Government of India in the discharge of their responsibility, such as they believed it to be, thought it fit to propose the duty of 15 per cent. and a minimum of $3\frac{1}{2}$ annas per pound on all plain grey goods, they thought it consistent with their duty to the people of this country in whose interest the Members of the Government profess to be acting, to add apparently wantonly to the duties that they had first proposed to His Majesty's Government, a 5 per cent. protective duty, with a minimum of $3\frac{1}{2}$ annas per lb. on plain grey goods, against all cotton piece-goods from outside the United Kingdom. I say apparently wantonly because no explanation has so far been forthcoming. And we find that the Government of India now adhere to their new proposal with a tenacity worthy of a better cause. Why has it, Sir, become necessary to raise the duties higher? We have got two very able Members on the Government Benches, the Finance Member and the Commerce Member. Both of them have failed to offer any explanation as to why they felt it necessary to add to their original proposals this extra protective duty. They have not explained . . .

The Honourable Sir George Schuster (Finance Member): I am sorry to interrupt the Honourable Pandit. I did give this House a very full explanation of the course through which our proposals went, and I think if the Honourable Pandit would read my speech which I delivered in answer to his own in the debate on the 13th March, he would find that I gave a very full explanation of how we arrived at our final plan and what had passed through our minds before arriving at that plan.

Pandit Madan Mohan Malaviya: The Honourable Member described to us, Sir, the process of mind which he had passed through, but I regret to say that neither in his speech nor in the statement made today is there any justification offered for raising the duty from 15 per cent. with a

[Pandit Madan Mohan Malaviya.]

minimum of 3½ annas per pound on plain grey goods to 20 per cent. with a minimum of 3¼ annas per pound on plain grey goods, against all cotton piece-goods from outside the United Kingdom. My Honourable friend has not explained what facts had occurred within the period of submitting his first proposals to His Majesty's Government and the time when he framed his additional proposals, what events had taken place which affected the cotton industry of India and which justified the step which they had taken. That is my grievance, that is my complaint.

The Honourable Sir George Schuster: I submit, Sir, that it was not necessary for us to advance any special reasons or call attention to anything which had happened to cotton industry of India during the last few weeks. The question of putting up the duty to something higher than 15 per cent. had always been under consideration ever since the deputation of the millowners interviewed my Honourable colleague and the Acting Finance Member on the 8th of December. The claim on behalf of the millowners had always been for a protective duty of 20 per cent. The Government of India's difficulty was to find justification for imposing an all round duty of 20 per cent., and it had always been in the minds of the Government of India that the case would be easier if they could find some principle of discrimination which would avoid the very heavy burden on consumers, of putting a duty on to a large quantity of goods which could not, within the period under contemplation, be manufactured by Indian mills. It was the difficulty of finding such a principle of discrimination which had prevented Government from being able to satisfy themselves that they were justified in imposing a duty of 20 per cent. I explained in my speech that after we had been approached by the Cabinet we felt that in all the circumstances we should be justified in proposing to this Assembly the principle of discrimination which is now embodied in the Bill which amounts to discrimination according to the country of origin. I think, Sir, I am justified in saying that, at least, we have done our best to make history of our proposals clear, and I pointed out to the Pandit that it was extremely difficult to delve back into the past and put before this House a full explanation of a complicated series of discussions when all sorts of ideas came up, and at various stages certain particular forms of proposals held the field, were considered and rejected, then considered again and so on until our final plan was arrived at.

Pandit Madan Mohan Malaviya: I am sorry my Honourable friend should have spent so much of his time and not given us any further enlightenment on the subject. What I beg to ask him is this. The Government of India had, after considering the proposals which the millowners of Bombay had made for a 20 per cent. protective duty, rejected those proposals. They had arrived at the conclusion that they would impose a 15 per cent. duty all round and 3½ annas per pound minimum on all plain grey goods. At the stage when the Government of India arrived at those conclusions they had considered all that the millowners of Bombay had urged and had rejected their proposals. They had decided that the amount of protection which the millowners of Bombay had asked for could not be given. They had also decided that there was no justification for a 20 per cent. all round duty on all cotton piece-goods imported into this country. Then I ask, when a message was received from His Majesty's Government, how did the receipt of that message alter the situation so far as the consumer is concerned or the industry in India is concerned?

How did it so alter the situation that the Government of India suddenly accepted the larger portion or at least a large portion of the proposal of the Bombay millowners and put forward their new proposals of 20 per cent. duty on all cotton piece-goods of non-British manufacture. I regret, Sir, the Honourable Member has failed to offer any explanation, and I hope the House will agree with me in saying so.

The Honourable Sir George Schuster: I would point out to the Honourable Pandit that the result of the Cabinet message was to influence the decision of the Government to put forward a particular principle of discrimination which they think enables them to achieve a double object, namely, the object on the one hand of giving the maximum protection to the Indian industry where protection is needed, and, on the other hand, of avoiding an unnecessary burden on the consumer. The decision which was taken by the Government after the Cabinet message was that, in the light of that message, reinforcing the other considerations which had been previously present to their minds, they should come before this House and frankly propose this particular principle of discrimination.

Pandit Madan Mohan Malaviya: It comes to this, that the Government of India, merely by reason of the receipt of that message, rejected the decision that they had deliberately arrived at, and they became conscious of the necessity and justice of giving further protection to the Bombay mill industry, that while they had definitely and deliberately decided that the Bombay mill industry needed only 15 per cent. and 8½ annas per pound minimum, the effect of the receipt of the Cabinet message was that it set them thinking again about the mistake of their ways and the evil effects of their decision, and roused their conscience to the feeling that the Bombay industry needed more help and should be given more help.

The Honourable Sir George Schuster: I have already pointed out very clearly in my speech in answer to the Honourable Pandit the other day, that at that stage no final decision has been arrived at.

Pandit Madan Mohan Malaviya: I have heard the word "final" used by the Honourable the Finance Member and the Honourable the Commerce Member many times. What does it mean? The final decision arrived at by the Government of India, when they put forward proposals before this House? Does the Honourable Member mean to suggest that the decision, which they conveyed to His Majesty's Government in their despatch, was not the final decision? What was there in it which made it lack the element of finality? It was absolutely final till the Government of India received a message from His Majesty's Government. I think my friends will agree that the decision was final so far as these two proposals were concerned. I wait for an answer. I should like to have an answer.

The Honourable Sir George Schuster: The facts which I stated are perfectly correct, that no final decision had been arrived at. The whole of the budget proposals were still under discussion with the Secretary of State and on this particular matter no final decision had been arrived at.

Pandit Madan Mohan Malaviya: Do I understand my Honourable friend to say

Mr. President: I cannot allow this discussion across Benches to go on indefinitely. The best course for the Honourable Member, when there is a dispute as to what actually are the contents of a document, is to produce the document about which so much has been said.

Pandit Madan Mohan Malaviya: That will be the finest and the fairest thing. We asked for the production of the letter which the Government of India sent to His Majesty's Secretary of State but the Government of India have not produced that letter. Therefore the presumption, as every lawyer would say, is that the evidence which is not produced would be damaging to the party which does not produce it. That in my opinion is clear. I shall ask one question with your permission. Does the Honourable the Finance Member mean to convey to this House that, so far as the proposals to impose cotton import duties were concerned, the Government of India had, at the time of submitting their proposals in the first instance to His Majesty's Government, any idea of revising these two proposals, namely, the raising of the general duty from 11 to 15 per cent., and the protective duty of 8½ annas per pound on plain grey goods? Did the Government of India contemplate changing either of these proposals before putting them before this House, until they received the message from His Majesty's Government?

The Honourable Sir George Schuster: I understand, Sir, that it was your desire that this discussion should not continue.

Mr. President: When there is a dispute as to the actual contents of a document, the proper course is to produce that document and not to carry on a discussion across the Benches in this way.

Pandit Madan Mohan Malaviya: I shall be very thankful if the Honourable the Finance Member or the Honourable the Commerce Member will give us an assurance that they will produce the document. I shall be very grateful indeed.

The Honourable Sir George Rainy: I have already said that I cannot add to the correspondence which I have already placed before this House.

Pandit Madan Mohan Malaviya: I am very sorry to take up the time of the Assembly with these questions. In that case, I take it that the Honourable the Finance Member's last reply meant that so far as these two proposals were concerned, namely, the raising of the general duty from 11 to 15 per cent., and 8½ annas per pound on plain grey goods, they were final so far as the Government of India were concerned, when they sent them up to His Majesty's Government. I hope I am right in assuming it.

The Honourable Sir George Rainy: I think, Mr. President, I must be allowed to reserve what I have to say until my turn to speak comes.

Pandit Madan Mohan Malaviya: The elected Members have to bear a great deal of pain in this House. But the pain that the servants of India should refuse to produce before this Assembly a document which is essential for a correct understanding of the question under discussion and which affects the happiness of millions of people in this country is unbearable. I submit this is scandalous. All that we ask is that the document or cablegram which the Government of India submitted to His Majesty's Secretary of State on the subject under discussion should be laid on the table of this House. They have not the courage to lay it before this House. I must therefore ask the House to assume.

Mr. President: Is the Honourable Member going to be long?

Pandit Madan Mohan Malaviya: Yes, Sir.

The Assembly then adjourned till Eleven of the Clock on Friday, the 28th March, 1930.